



ANNUAL DRAFT BUDGET OF

ABAQULUSI MUNICIPALITY

2013/14 TO 2015/16
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

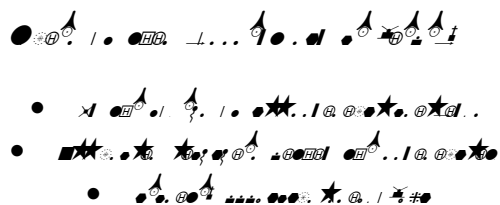


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i. **ABBREVIATIONS AND ACRONYMS**

Adjustments Budgets – Prescribed in section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting, or affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy.

Budget Steering committee – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short-term investments.

CPI – Headline Consumer Price Index

DMTN – Domestic Medium Term Note

DORA – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

DORb – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

Executive Management Team – A team comprising the Municipal Manager and the Executive Directors. It reports to the Municipal Manager.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.

GDFI - Gross Domestic Fixed Investment

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

MFMA - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.

MYPD – Multi Year Price Determination

NT – National Treasury

Operating Expenditure – The day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Portfolio Committee – In line with Section 79 of the Structures Act, the Municipality's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SCM - Supply Chain Management

SDBIP – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

SFA – Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.

Vote – One of the main segments into which a budget is divided, usually at directorate level.

Part 1 – Annual Budget

1.1 Mayor's Report

During the State of the National Address the President remarked that the National Planning Commission had handed over the National Development Plan and the vision of the country for the next 20 years. This plan contains proposals for tackling the problems of poverty, inequality and unemployment. It is a roadmap to where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment. The achievement of these goals has proven difficult due to the global economic recession.

The President further stated that government is cracking down on corruption, tender fraud and price fixing in the infrastructure program. Government will be working together to find a solution to youth unemployment by making use of the Expanded Public Works Programme and the Community Work Programme to absorb young people.

We must ensure that the public services we provide our community today can continue to be provided to our people tomorrow. This requires that we have suitable tax policies in place to generate sufficient revenue to pay for these services.

Whilst rural development remain a priority of government, it is crucial that a national integrated urban development framework is developed to assist municipalities to effectively manage rapid urbanisation.

“Green” growth policies promote economic advancement in an environmentally sustainable manner. The shift towards a more resource efficient, low-carbon economy will lead to new sources of growth and complement economic reforms.

Management within local government has a significant role to play in strengthening the link between the community and governments overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the AbaQulusi Municipality.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities.

The challenge is to do more with the limited resources available. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

In the Budget Speech to Parliament on the 27th of February 2013, Minister of Finance announced that the economic outlook is improving, but requires that we pursue a different outlook if we are to address the challenges ahead. We need to work together for a common vision that connects the past to the present to make a better future possible. Change is not just

a challenge to government but affects all of society. A new framework for development is an opportunity to unite around an inclusive vision and join hands in constructing a shared future. Working together we can all do better.

Minister Gordhan in the overview of the 2013 budget mentioned the following points that are relevant to our budget:

- There are signs of improvement in the world economy, though the outlook remains troubled.
- South Africa's economy has continued to grow, but at a slower rate.
- The 2013 budget takes the National Development Plan as its point of departure. The strategic plans of government and the medium-term expenditure plans will be aligned to realise our objectives.
- Government remains committed to a large scale infrastructure investment program.
- A new local government equitable share formula is proposed, providing a subsidy for free basic services designed to reach 59% of households.

Some of the foundations of faster growth are in place. Strong capital investment by the public sector, the addition of electricity generating capacity, relatively stable inflation and low interest rates will support improved growth over the medium term. This however is not enough and much more is needed by every sector to play its part in expanding trade, investment and job creation.

We need to invest in infrastructure, raise productivity, create jobs and raise living standards.

We have to adapt to a low-carbon economy, including mobilisation of our renewable energy potential.

While building on our strengths we have to tackle our weaknesses aggressively by professionalising our services and strengthening our accountability. Improving management and enforcing systems to fight corruption. Improved planning and management of strategic infrastructure projects. By implementing this we can assist in reducing poverty and inequality and this in turn will raise employment and investment into Abaqulusi.

Development within the area must be coupled with fiscal sustainability, which ensures that progress made will not be interrupted or reversed.

As mentioned above a new formula for the local government equitable share will be introduced in 2013/14 that recognises the need to better differentiate assistance to different municipalities, including those in rural areas. Municipal infrastructure grants will also be re-aligned and go hand in hand with more integrated planning of new developments, so that we can make meaningful strides in overcoming the spatial inequalities of the past. This is to ensure progress continues to extending access to housing, electricity, water, sanitation and refuse removal services. The new formula will provide a subsidy of R275 for every household with a monthly income of less than R2,300 per household. The equitable division of revenue takes into account the 2011 Census

which shows substantial shifts in the distribution and age structure of the population. These changes will be phased in to avoid disruption of services.

Government continues to direct spending towards environmental programmes, such as installing solar water geysers, procuring renewable energy, cleaning up derelict mines, addressing acid mine drainage, supporting our national parks and saving our rhino population who remain under threat.

The integrated national electrification grant is allocated additional funding to increase the number of new electricity connections over the next three years. The solar water geyser program will also continue until 2015/16.

A new grant which will be administered by the Department of Water Affairs, providing for water treatment, distribution, demand management and support for rural municipalities.

Money has been taken away from programmes that are not performing or are not aligned to government's core priorities and given to programmes that are delivering as planned.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitable to all communities. We must ensure value for money with the greatest possible vigour to ensure rate payers money is well used and not wasted.

On tabling the KZN Provincial Budget, MEC for Finance Ms Ina Cronje mentioned a budget is not just about numbers it also expresses our values and aspirations. Balancing the long and short term is what management is about being able to curtail deficits yet encouraging economic expansion and ensuring sustainable service delivery to all our citizens. The drafting of a budget is an act of humans based on economic projections and predictions requiring careful calculations.

The Provincial priorities are that all new spending is funded through reprioritisation of funds by departments and identification of savings. To ensure sustainability and the promotion of growth the composition of spending has shifted in favour of greater spending on infrastructure and away from consumption spending. To this the MEC announced the following ways of cutting down on wasteful expenditure:

- A review of all organograms, a head count exercise and a moratorium on the filling of non-critical posts.
- Officials to travel together unless absolutely unavoidable. Where there are same day meetings and where possible officials travel there and back in one day to cut down unnecessary overnight accommodation.
- Meetings to be carefully planned and the number of meetings rationalised, saving both time and money and strategic planning sessions, workshops be held in departmental offices instead of private venues. At these meetings no catering or bottled water may be procured.

- Essential training to be done in-house.
- No team building exercises or year-end/Christmas functions.
- No leave conversion payments to be made
- Overtime to be strictly controlled and only used when absolutely essential.

In conclusion the MEC emphasised we need discipline to spend on budgets, obtain clean audits, eliminate unnecessary costs and wastage, get value for money: doing more with less, deal with corruption and deliberate wrong-doing, eliminate unauthorised and irregular expenditure.

One of the priorities is to invest into our infrastructure which is ageing and needs to be updated and maintained. To achieve this we have to improve and encourage investment into the area. We also have to support job creation with focus on unemployed youth who are the future of AbaQulusi, to this extent R 1 million has been allocated by National Treasury to the Expanded Works Program. The municipality will further try and reduce unemployment and poverty with policy reforms and partnerships with local businesses and labour to reduce the cost of doing business, raise productivity, tap new markets for investment and take advantage of opportunities presented by enhanced regional integration.

One of the focus points of the budget this year is to improve the efficiency of the municipality by redirecting spending to priority areas. Department's budgets have been cut in selected areas and funds shifted towards the key priorities.

1.2 Council Resolutions

On 27 March 2013 the Council of AbaQulusi Municipality Local Municipality met in the Council Chambers of AbaQulusi Municipality to consider the draft annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of AbaQulusi Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.

- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of AbaQulusi Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in Annexure A, this resolution must be promulgated in the provincial gazette upon ratification of the budget decision. Failure to comply with this promulgation process may render the cent in the Rand unenforceable for a particular financial year; and consequently uncollectable.
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for the supply of water – as set out in Annexure C
 - 2.4. the tariffs for sanitation services – as set out in Annexure E
 - 2.5. the tariffs for solid waste services – as set out in Annexure F
3. The Council of AbaQulusi Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexures G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of AbaQulusi Municipality Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate funds were transferred from low- to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditure on non-essential and 'nice-to-have' items. 2013/14 MTREF was drafted in context of an economy that is projected to grow supported by expanding public sector investment in infrastructure and the activation of new electricity-generating capacity.

The budget for the 2013/14 MTREF period was based on the realisation that revenues and cash flows are expected to remain under pressure in 2013/2014 and the municipality must adopt a conservative approach when projecting expected revenues and cash receipts. The municipality must further in terms of MFMA Circular 66 carefully consider the affordability of tariff increases especially in relation to domestic consumers which makes up the bulk of the municipality's revenue base whilst considering the level and quality of services versus the associated cost.

The budget was compiled by ensuring that the financial management processes are transparent, aligned to the accountability cycle and facilitate good governance that is accountable to the local community. Public perception shows high levels of unhappiness with service delivery and perceived corruption at municipalities and sound leadership is required as well as measures put in place to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

The budget supports the provision of basic services to the communities, facilitating social and economic development, promoting a safe and healthy environment in a sustainable manner.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- Ensuring the timely delivery of capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view of removing any bottlenecks to investment and job creation.
- Underspensing on repairs and maintenance – often seen as a way to reduce short term spending which shortens the life of assets, increases long term maintenance and refurbishment costs and causes a deterioration in the reliability of our infrastructure

- Spending on non-priorities – including unnecessary travel, luxury furnishings, excessive catering and the use of consultants to perform routine tasks.
- The increased cost of bulk electricity due to tariff increases from ESKOM. This is placing pressure on the budget as the tariff the municipality has been allowed to charge is less than the bulk cost meaning there are less funds available for maintenance. Continuous high increases are not sustainable as it gets to a point where services are no longer affordable.
- Not just employing more people without any reference to the level of staffing required to deliver effective services. The municipality must through fully participating in the Expanded Public Works Program focus on maximizing its contribution to job creation by ensuring that service delivery and capital projects use labour intensive methods wherever appropriate and implement interns programmes to provide young people with on-the-job training.
- Collecting outstanding debts – this requires political commitment, sufficient administration capacity and pricing policies that ensure that bills are accurate and affordable.
- Pricing services correctly – the full cost of services must be reflected in the tariffs charged to consumers who can afford to pay. Overly generous subsidies and rebates that result in services running at a loss cannot be entertained.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustment Budget priorities and targets, as well as the base line allocations contained in the Adjustment Budget.
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Tariff and property rate increases should be affordable and try not to exceed inflation as measured by the CPI, except where the price increases in the services that are beyond the control of the municipality, i.e. ESKOM.
- No budget has been allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the Division of Revenue Act gazette.

National Treasury has issued a new Circular (MFMA Circular No 64) giving guidance to municipalities of what should be done to maximise the revenue generating potential of existing sources of revenue such as property rates and trading services. Further Circulars will be issued by National Treasury to guide municipalities in developing credible revenue frameworks by

reaffirming the fundamental principles of costing, revenue management and revenue enhancement.

Revenue management is described as a fundamental and routine financial management function of the municipality's revenue generating business that includes billing and collection activities in respect of trading services and property rates.

Revenue enhancement is about improving by making more, in the case of municipal revenue it is associated with increasing the value of revenue generated. Revenue enhancement can be broken into two components. The first being national policy developments that give rise to additional sources of revenue from government (grant funding) and the second component is the ability of the municipality to grow its own revenue base.

MFMA Circular No 58 advises that the municipality must ensure that the billing systems are accurate, accounts are sent out to residents on a monthly basis and follow-up to collect revenue owed to the municipality.

In terms of MFMA Circular No 64 the main responsibility of the municipality is to deliver services. In terms of Section 75A of the Municipal Systems Act the municipality is allowed to levy and recover fees, charges or tariffs in respect of municipal service delivery functions and recover collection charges and interest on outstanding amounts. The municipality must adopt by-laws to give effect to the implementation and enforcement of the tariff policies.

Revenue generation is everyone's responsibility, not just that of the revenue section. The municipality must effectively manage all functions that impact protecting and growing the revenue base. The implementation of internal controls along the revenue value chain will aid effective data handovers; utilising system data validation mechanisms and ensuring that service level standards are fundamental to ensuring the integrity of the billing data but are advised to stay away from costly data cleansing exercises.

The following are fundamental to maximising the existing revenue:

- Billing system that correctly reflects all billing and customer information required to issue accurate accounts to consumers.
- All property within the municipal jurisdiction must be correctly valued and the billing system must be updated with any change in property ownership. This is necessary to protect and grow the property rates base.
- Effective business processes to ensure new property development as well as improvements to existing properties are valued as required.
- Correct categorisation of properties.
- Water and electricity meter numbers must be recorded correctly and linked to corresponding property.
- Continual maintenance of water and electricity meters to minimise losses due to leakages or incorrectly metered consumption.
- Accurate meter reading and minimising the amount of meter reading estimates.
- Refuse and sanitation service charges must be included in all billing records and the municipality must ensure these services are not run at a loss.
- Billing queries to be resolved within reasonable timeframes.
- Municipal functions must be adequately staffed with competently skilled individuals who understand the job requirements and how to deliver on it.

The Circular further advises municipalities to table 'surplus' budgets. To achieve this the municipality must ensure cost reflective tariffs; operation efficiencies; maximising revenue regenerating potential of own revenue sources and a productive workforce and sound decision making to ensure that the limited financial resources are spent wisely so that value for money is achieved.

National Treasury's MFMA Circular No. 66 and 67 was used to guide the compilation of the 2013/14 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

	Adjustment Budget 2012 / 2013	Budget Year 2013 / 2014	Budget Year + 2014 / 2015	Budget Year +2 2015 / 2015
	R Thousand	R Thousand	R Thousand	R Thousand
Total Operating Revenue	375,006	414,890	458,602	515,485
Total Operating Expenditure	374,963	414,780	450,123	488,824
<i>(Surplus) / Deficit for the Year</i>	<i>(43)</i>	<i>(110)</i>	<i>(8,479)</i>	<i>(26,661)</i>
Total Capital Expenditure	26,944	49,982	49,182	46,663

Total operating revenue has grown by 10 percent or R39.8 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase, equating to a total revenue growth of R140 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R414 million and translates into a budgeted operating surplus of R 77,000. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 10 percent in the 2013/14 budget and by 9 percent for each of the respective outer years of the MTREF.

The capital budget of R 49,982 million for 2013/14 is 85 percent more when compared to the 2012/13 Adjustment Budget. The increase is due to more grant funding for electrification from DoE and an increase in funding from revenue for projects that were shelved in the previous financial year due to affordability constraints now being urgently required and although more was requested could not be allocated due to current economic circumstances. The capital program decreases to R 40 million in the 2014/15 financial year due to a decrease in DoE funding and then increases in 2015/16 to R 46.6 million despite a reduction in the DoE funding. A portion of the capital budget will be funded from internally generated funds in each of the financial years of the MTREF. Capital from government grants and transfers amounts to R 49,8 million which is R 23 million MORE than the 2012/13 financial year. MIG amounting to R29,982 million and DoE of R20 million with capital from own funds of R5, 2 million

1.4 Operating Revenue Framework

For AbaQulusi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 92 percent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source Table 4 FinPerf RE

KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	25,075	24,264	29,812	31,671	32,867	32,867	–	39,453	41,663	43,913
Property rates - penalties & collection charges		–	–	–	–	811	811	–	859	908	957
Service charges - electricity revenue	2	69,074	90,353	99,920	139,316	123,439	123,439	–	143,363	151,392	159,567
Service charges - water revenue	2	14,355	16,399	20,438	19,924	22,934	22,934	–	26,413	27,892	29,398
Service charges - sanitation revenue	2	10,939	12,935	13,853	9,539	14,729	14,729	–	16,203	17,110	18,034
Service charges - refuse revenue	2	8,254	10,131	8,818	8,455	11,483	11,483	–	12,630	13,338	14,058
Service charges - other		–	–	–	–	–	–	–	–	–	–

KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Rental of facilities and equipment		571	425	–	579	317	317		377	398	420
Interest earned - external investments		331	3,640	653	3,470	3,300	3,300		3,000	3,168	3,339
Interest earned - outstanding debtors		1,147	1,118	109	929	17	17		19	20	21
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		598	934	1,274	1,673	2,371	2,371		1,706	1,801	1,899
Licences and permits		2,954	4,281	2,302	4,520	4,588	4,588		5,780	6,104	6,433
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		118,812	78,519	61,829	73,217	73,161	73,161		85,240	91,436	99,722
Other revenue	2	2,379	1,696	17,911	21,139	25,071	25,071	–	33,163	31,795	32,459
Gains on disposal of PPE		–	–	–	–	950	950	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		254,489	244,695	256,919	314,432	316,038	316,038	–	368,206	387,023	410,218

Table 3 Percentage growth in revenue by main revenue source

Not applicable

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality.

Service charge revenues comprise more than two thirds of the total revenue mix. In the 2013/14 financial year, revenue from services charges is expected to total R236.2 million or 56.95%. This increases to R236.2 million, R263.1 million and R293.2 million in the respective financial years of the MTREF. This can be mainly attributed to the increased cost of bulk electricity due to rapid increases in the Eskom tariffs for bulk electricity and consumers using less electricity due to the cost. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 KZN263 SA1 (see page 99).

Property rates is the second largest revenue source totalling 10.7 percent or R 43.8 million rand and increases to R 49.7 million by 2015/16.

The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related. The anticipated revenue from other revenue is R39 million.

Operating grants and transfers totals R 73 million in the 2012/13 financial year and steadily increases to R 90.9 million by 2013/14. Note that the year-on-year growth for the 2013/14 financial year is 10.8 percent, 10.7 and 9.1 percent in the two outer years.

The municipality received additional funding which must be applied to address:

- Compensation for rising costs of providing free basic water and electricity to poor households.
- Accelerate provision of access to clean water through bulk and reticulation projects.
- Accelerate provision of access to electricity and improving the sustainability of access through the refurbishment of key infrastructure.
- Expand the collection and use of data on the condition of municipal roads.
- Increase the number of interns with infrastructure-related skills.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN263 Abaqulusi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
- <u>Operating Transfers and Grants</u>										
National Government:		38,256	45,902	62,260	70,381	63,274	63,274	82,354	87,633	95,218
Local Government Equitable Share		34,376	41,668	57,893	67,931	58,177	58,177	79,054	84,983	92,518
Finance Management		500	1,000	1,200	1,450	1,450	1,450	1,500	1,750	1,750
Municipal Systems Improvement		1,927	1,300	1,000	1,000	1,000	1,000	800	900	950
Local Government Equitable Share		1,453	1,934	2,167		2,647	2,647			
Expanded Public Works Programme								1,000		
Other transfers/grants [insert description]										
Provincial Government:		-	668	1,276	1,543	1,487	1,487	2,065	2,942	3,602
Health subsidy		-	582	-	-	-	-	-	-	-
Museum		-	-	73	181	125	125	134	143	151
Operational Support for Thusong Service Ce		-	-	-	-	-	-	500	-	500
Community Library Services Grant		-	-	-	-	-	-	197	207	217
Provincialisation of Libraries		-	86	1,203	1,362	1,362	1,362	1,234	2,592	2,734
District Municipality:		80	80	80	80	80	80	821	861	902
ZDM Tourism grant		80	80	80	80	80	80	100	100	100
ZDM Grant: Water								721	761	802
Other grant providers:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	38,336	46,650	63,616	72,004	64,841	64,841	85,240	91,436	99,722

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. The municipality must however take into account the labour and other input costs of services, the need to ensure financial sustainability, local economic conditions, the affordability of services, the indigent policy. An appropriate balance between the interests of poor households, other consumers and financial sustainability needs to be maintained as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of ESKOM bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. Based on NERSA's approval of an 8% increase to Eskom municipalities are advised in MFMA Circular 67 to formulate electricity tariff structures based on an increase of between 7.5% and 8%.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The percentage increase for property rates is 10%. All households receive a rebate on the first R 15,000 and indigent residents a further R 65,000.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 percent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 percent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 10 percent increase from 1 July 2013 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	C	C
Residential properties	0,00583	0,00641
State owned properties	0,00583	0,00641
Business & Commercial	0,014575	0,016032
Agricultural	0,014575	0,016032
Vacant land	0,014575	0,016032
Municipal rateable – Residential	0,00583	0,00641
Industrial	0,014575	0,016032
Non-permitted use/Illegal usage	0,014575	0,016032
Public benefit organisation properties	0,014575	0,016032
Special consent	0,014575	0,016032

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

To mitigate the need for water tariff increases, municipalities are encouraged to put in place appropriate strategies to limit water losses to acceptable levels. Water losses have increased from 66.49% in 2010/11 to 67.57% in 2011/12.

Zululand District Municipality as well as AbaQulusi municipality has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that the current infrastructure is unlikely to sustain its long-term ability to supply water and the District Municipality will have no other choice but to provide funding for infrastructure upgrades.

A tariff increase of 15 percent from 1 July 2013 for water is proposed. In addition 6 kl water per 30-day period will again be granted free of charge to all indigent community members.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kl	Rand per kl
RESIDENTIAL		
(i) 0 to 6 kl per 30-day period	6.20	6.82
(ii) 6.01 to 30 kl per 30-day period	6.20	7.13
(iii) 30.01 to 99 kl per 30-day period	6.70	7.71
(iv) More than 99.01 per 30-day period	7.70	8.86
BUSINESS		
(i) 0 to 6 kl per 30-day period	6.20	6.82
(ii) 6.01 to 30 kl per 30-day period	6.20	7.13
(iii) 30.01 to 99 kl per 30-day period	6.70	7.71
(iv) More than 99.01 per 30-day period	7.70	8.86

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	123.20	141.68	18.48	15%
30	184.80	212.52	27.72	15%
40	251.90	289.68	37.78	15%
50	319.00	366.85	47.85	15%
80	520.30	598.35	78.05	15%
100	655.49	753.81	98.32	15%

The tariff structure of the 2012/13 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R 8.86 per kilolitre for consumption in excess of 99kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. Eskom has submitted a request for a 16 percent increase in the ESKOM bulk electricity tariff to municipalities will be effective from 1 July 2013 but NERSA only approved an 8% increase.

NERSA for the past 3 years in a row that Eskom allowed to increases its tariff to municipalities higher than what municipalities could charge their consumers and this continues to have a negative impact on the municipality's revenue from electricity and is starting to impact on the maintenance of the electrical infrastructure. An analysis of the municipality's consumption patterns is being done to calculate more accurate tariffs and submitted to NERSA for approval. The draft tariff is 20% to ensure the section is ring fenced.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
100	74.90	80.89	5.99	8%
250	234.70	281.64	46.94	20%
500	432.75	519.30	86.55	20%
750	724.60	869.52	144.92	20%
1 000	1 035.35	1 242.42	207.07	20%
2 000	2 278.35	2 734.02	455.67	20%

The step tariff advised by NERSA and implemented since July 2011 results that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines. Electricity losses have increased from 20.86% in 2010/11 to 22.58% in 2011/12.

The approved budget for the Electricity Section can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R 23 million per year for five years will be necessary to steer the Municipality out of this predicament. It must be noted that ESKOM will receive an amount of R 20.8 million to perform electrification and this will then have to be maintained by the municipality.

In addition the section must raise awareness and promote behaviour change through communication and education to ensure the 10% reduction in energy consumption is achieved. A renewable and cleaner energy plan has to be developed, monitored, evaluated and updated annually. To upgrade street lights to LED fittings and other energy efficiency projects is a costly exercise for which funding must be sourced.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 15 percent for sanitation from 1 July 2013 is proposed. This section is currently operating at a deficit and it is generally accepted that all service departments should at least break even. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 15 percent of waste water treatment input costs, therefore the higher than CPI increase of 15 percent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 percent of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R 19.2 million for the 2013/14 financial year.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2012/13		PROPOSED TARIFF 2013/14	
	% DISCHARGED	TARIFF PER kl	% DISCHARGED	TARIFF PER kl
		R		R
0 – 30 kl per 30-day period	75	4.60	75	5.06
30.01 – 99 kl per 30-day period	75	5.30	75	5.83
99.01 and above kl per 30-day period	75	5.70	75	6.27

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison between current sanitation charges and increases, single dwelling-houses

Monthly sanitation consumption kl	Current amount payable R	Proposed amount Payable R	Difference (10% increase) R
30	138.00	158.70	20.70
30.01 to 99	365.70	420.55	54.85
99.01 and above	365.70	420.55	54.85

1.4.5 Waste Removal and Impact of Tariff Increases

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. An amount of R500 000 has been allocated to this section for repairs and maintenance at the refuse site. The service of refuse collection is outsourced which is the main contributor of expenditure as well as the cost of remuneration. R4 million has also been allocated to this section for the lease of equipment for the refuse sites. This section is budgeted to have a surplus. It is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

A 15 percent increase in the waste removal tariff is proposed from 1 July 2013. Higher increases will not be viable in 2013/14 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 10 percent can be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 11 Comparison between current waste removal fees and increases

	WASTE REMOVAL 2012/13	WASTE REMOVAL 2013/14
Tariff per container/household per month or part of a month: Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers/households.)	Per month (R)	
Residential	54.70	62.90
Businesses per container	169.10	194.50
Businesses bulk container	1 695.50	1949.80

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 10 and 20 percent, with the increase for indigent households closer to 10 percent.

In terms of Section 64 2(g) of the MFMA a Municipality must for the purposed of the subsection take reasonable steps to ensure

- (g) *that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with tis budget related policies and within a prescribed framework;*

Table 12 KZN263 Table SA14 – Household bills**KZN263 Abaqulusi - Supporting Table SA14 Household bills**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		267.95	291.33	364.16	386.00	386.00	386.00	6.0%	424.60	448.38	472.59
Electricity: Basic levy		78.64	87.29	32.34	34.28	34.28	34.28	11.0%	38.06	40.34	42.76
Electricity: Consumption		420.30	560.00	791.50	952.81	952.81	952.81	11.0%	1,057.90	1,121.37	1,188.65
Water: Basic levy											
Water: Consumption		135.00	150.00	159.00	168.54	168.54	168.54	10.0%	185.39	196.51	208.30
Sanitation		55.50	61.60	65.30	69.22	69.22	69.22	10.0%	76.14	80.71	85.55
Refuse removal		39.90	45.90	48.65	51.57	51.57	51.57	10.0%	56.73	60.13	63.74
Other											
sub-total		997.29	1,196.12	1,460.95	1,662.42	1,662.42	1,662.42	10.6%	1,838.82	1,947.44	2,061.59
VAT on Services		139.62	167.46	204.53	232.74	232.74	232.74		257.43	270.59	288.62
Total large household bill:		1,136.91	1,363.58	1,665.48	1,895.16	1,895.16	1,895.16	10.6%	2,096.25	2,218.03	2,350.21
% increase/-decrease			19.9%	22.1%	13.8%	-	-		10.6%	5.8%	6.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		42.45	161.66	202.08	214.20	214.20	214.20	6.0%	235.62	248.81	262.25
Electricity: Basic levy		78.64	87.29	32.34	34.28	34.28	34.28	11.0%	38.06	40.34	42.76
Electricity: Consumption		209.30	278.88	338.92	407.99	407.99	407.99	11.0%	452.99	480.17	508.98
Water: Basic levy											
Water: Consumption		112.50	125.00	132.50	140.45	140.45	140.45	10.0%	154.50	163.77	173.60
Sanitation		26.50	29.50	31.27	33.15	33.15	33.15	10.0%	36.47	38.66	40.98
Refuse removal		39.90	45.90	48.65	51.57	51.57	51.57	10.0%	56.73	60.13	63.74
Other											

KZN263 Abaqulusi - Supporting Table SA14 Household bills

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent											
sub-total		509.29	728.23	785.76	881.64	881.64	881.64	10.5%	974.37	1,031.88	1,092.31
VAT on Services		71.34	101.95	110.01	123.43	123.43	123.43		136.41	144.46	151.92
Total small household bill:		580.63	830.18	895.77	1,005.07	1,005.07	1,005.07	10.5%	1,110.78	1,176.34	1,244.23
% increase/-decrease			43.0%	7.9%	12.2%	-	-		10.5%	5.9%	5.8%
-				-0.82	0.54	-1.00	-				
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy			45.13	32.34	34.28	34.28	34.28	6.0%	37.71	39.82	41.97
Electricity: Consumption											
Water: Basic levy											
Water: Consumption			30.00	31.80	33.71	33.71	33.71	6.0%	37.08	39.16	41.27
Sanitation			61.60	65.30	69.22	69.22	69.22	6.0%	76.14	80.41	84.75
Refuse removal			45.90	48.65	51.57	51.57	51.57	6.0%	56.72	59.90	63.14
Other											
sub-total		-	182.63	178.09	188.78	188.78	188.78	10.0%	207.65	219.29	231.13
VAT on Services			25.57	24.93	26.43	26.43	26.43	-	29.07	30.70	32.36
Total small household bill:		-	208.20	203.02	215.21	215.21	215.21	10.0%	236.72	249.99	263.49
% increase/-decrease			-	(2.5%)	6.0%	-	-		10.0%	5.6%	5.4%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Strict adherences to the principle of **no project plan no budget**. If there is no business plan no funding allocation can be made; and
- Creation of job opportunities by the municipality thus an increase in staff costs.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure Table A4 by standard classification item

Expenditure By Type	-										
Employee related costs	2	37,486	51,572	55,959	71,484	92,500	92,500	-	115,577	122,049	128,640
Remuneration of councillors		8,473	8,970	9,668	12,193	11,350	11,350	-	12,306	12,995	13,697
Debt impairment	3	-	-	-	-	-	-	-	2,000	2,112	2,226
Depreciation & asset impairment	2	13,571	16,694	-	16,338	16,848	16,848	-	18,226	19,247	20,286
Finance charges		-	-	-	-	125	125	-	30	-	-
Bulk purchases	2	39,969	60,064	82,097	99,300	100,500	100,500	-	114,446	120,855	127,382
Other materials	8	14,592	20,121	-	15,193	-	-	-	-	-	-
Contracted services		1,390	2,604	22,565	27,880	26,504	26,504	-	34,700	36,644	38,622
Transfers and grants		-	-	-	-	14,929	14,929	-	16,805	14,323	15,045
Other expenditure	4, 5	50,146	62,164	49,347	35,397	53,279	53,279	-	54,055	58,797	61,886
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		165,627	222,189	219,636	277,785	316,036	316,036	-	368,146	387,023	407,784

The budgeted allocation for employee related costs for the 2013/14 financial year totals R 123.4 million, which equals 29.75 percent of the total operating expenditure. The multi-year Salary and Wage Collective Agreement for the 1 July 2012 to 30 June 2015 has been taken into account for the 2013/14 financial year. An annual increase of 6.95 percent for the 2013/14 financial year and the two outer years 6.5 percent has been utilized. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Finance

Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of critical and strategically important vacancies. Excessive overtime has been observed by National Treasury during their analysis of municipal budgets and although it is considered acceptable as long as it related to essential services an excessively high allocation could be an indication of performance inefficiencies as it is an expensive form of remuneration easily abused. If National Treasury finds excessive overtime to be legitimate it will be an indication that the organisational structure is insufficiently funded and funds being rather appropriated against vacancies. The maximum percentage allowable for overtime is 4.5 of total remuneration.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 92 percent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to R 1.5 million and an amount of R 1.5 million which escalates to R 1.7 million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 19.4 million for the 2013/14 financial and equates to 5% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Bulk purchases are directly informed by the purchase of electricity from ESKOM. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. ESKOM increase has been budgeted for at 8%.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2013/14 the percentage of this against the group of expenditure is 4.96 percent (R 20.5 million) and continues to grow for the two outer years of which budget allocation is in excess of R 4.1 million by 2015/16.

Contracted services have increased for the Municipality for the 2013/14 financial year. As part of the compilation of the 2013/14 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2013/14 financial year, this group of expenditure totals R 41.3 million and has escalated overall by just 12.9 percent, clearly demonstrating the need to investigate these contracts before the 2014/15 financial year to try and apply cost efficiencies. For the two outer years growth has been limited to 6.5 percent. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2013/14 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that

additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 KZN263 SA1 (see page 100).

Other expenditure comprises of various line items such as insurances, telephone costs, bank charges, Subsistence and travelling, leasing of office equipment, vehicle leases and other costs relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6.5 percent for 2013/14 and curbed at 6.5 percent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 KZN263 SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.

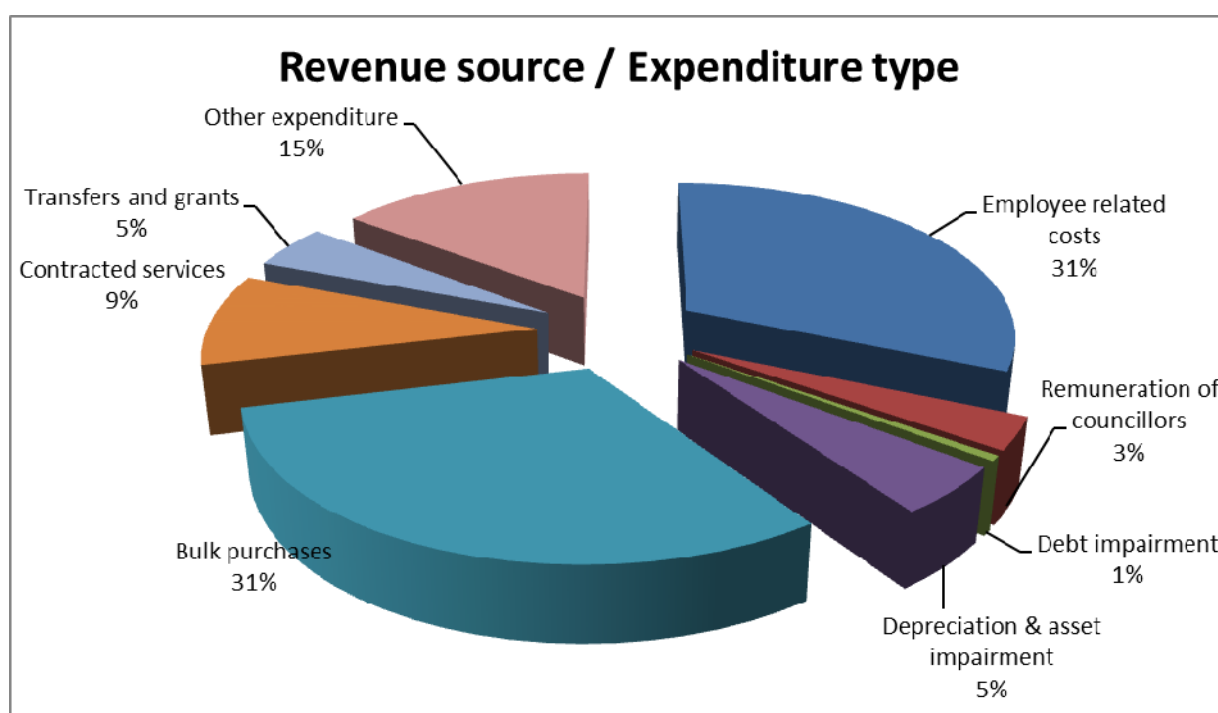


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by MFMA Circulars 55, 66 and 67 and the outcome of the 2011/2012 audit qualification the municipality must budget for 10% of its expenditure budget to be allocated to repairs and maintenance and the ongoing health of the municipality's infrastructure must be supported by an asset management plan. A further 40% of the municipal budget must be allocated to Capital for the renewal of existing assets and provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan. The municipality in the state of local government finances and financial management has been accused of persistent underspending on capital and that the municipality is too reliant on capital

grants. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand									
Repairs and Maintenance by Expenditure Item									
Employee related costs	300,947	315,203	719,975	563,914	573,714	573,714	695,254	748,047	804,931
Other materials	396,812	478,125	367,325	829,158	764,850	764,850	766,120	801,890	845,320
Contracted Services	29,593	101,301	38,206	216,215	206,466	206,466	228,742	259,493	285,642
Total Repairs and Maintenance Expenditure	727,352	894,629	1,125,506	1,609,287	1,545,030	1,545,030	1,690,116	1,809,430	1,935,894

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 6.5 percent in the 2012/13 financial year, from R 15.1 million to R 19.1 million. During the 2012 Adjustment Budget this allocation was further increased to R 24.6 million owing to the challenges faced by the Municipality. Notwithstanding, as part of the 2013/14 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2013/14 equates to R 20.5 million in relation to the Adjustment Budget and continues to grow over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5.9, 5.93 and 5.91 percent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class – Schedule A9

EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		13,571	16,694	–	16,338	16,848	16,848	18,226	19,247	20,286
<u>Repairs and Maintenance by Asset Class</u>										
Infrastructure - Road transport	3	–	–	–	14,860	16,649	16,649	19,144	20,210	21,302
Infrastructure - Electricity		–	–	–	3,555	4,775	4,775	5,555	5,866	6,183
Infrastructure - Water		–	–	–	5,690	4,083	4,083	6,100	6,442	6,789
Infrastructure - Sanitation		–	–	–	2,625	3,557	3,557	3,400	3,590	3,784
Infrastructure - Other		–	–	–	1,000	700	700	2,025	2,138	2,254
Infrastructure		–	–	–	1,010	10	10	15	16	17
Infrastructure		–	–	–	13,880	13,125	13,125	17,095	18,052	19,027
Community		–	–	–	980	3,206	3,206	1,502	1,586	1,672
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	–	318	318	547	572	603
TOTAL EXPENDITURE OTHER ITEMS		13,571	16,694	–	31,198	33,497	33,497	37,370	39,457	41,588

For the 2013/14 financial year, R 15 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this

allocation totalling R 7 million, followed by road infrastructure of R 5 million, water R 5 million and sanitation R 2 million. Landfill assets have been allocated R 1 million of total repairs and maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy on an annual basis. The applications are strictly reviewed annually and this year tighter controls were implemented to ensure this service is given to only the poorest of the poor. Detail relating to free services, cost of free basis services, revenue foregone owing to free basic services as well as basic service delivery measurement is contained in Table 27 KZN263 A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The municipality's cost for the Free Basic Services is R12 million.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2013/14 Medium-term capital budget per vote – Schedule SA6

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Sustainable Services	Electricity	A		3,750	6,629	10,040	13,773	13,773	13,773	8,050	15,053	8,056
	Water	B		859	–	40	–	–	–	100	106	111
	Waste Water	C		19,884	12,404	1,000	–	–	–	50	53	56
	Waste	D		–	–	165	–	–	–	225	238	250
	Community	E		29,995	69	12,517	–	–	–	1,635	1,727	1,820
Infrastructure	Roads	F		502	2,653	15,468	20,975	21,332	20,975	25,584	26,988	27,548
Good Governance	Integrated Planning	G		–	–	50	10	–	–	100	106	111
	Human Resources Management	H		471	57	65	3,500	6,500	6,500	60	–	–
	Executive & Council	I		3	21	10	–	–	–	–	–	–
	Financial Management	J		797	192	45	–	–	–	600	634	668
	Social Development	Culture & Sport		K	185	–	300	–	–	–	50	53
Safety & Security	Public Safety	L		48	–	43	–	–	–	750	792	835
		M										
		P										
Allocations to other priorities				3								
Total Capital Expenditure				1	56,494	22,025	39,743	38,258	41,605	41,248	37,204	45,749

For 2013/14 an amount of R 49.9 million has been appropriated for the development of infrastructure. In the outer years this amount totals R 49.1 million and R 46.6 million respectively for each of the financial years. Roads, storm water, bus route and other rural projects receives the highest allocation of R 29.9 million in 2013/14 which equates to 60 percent followed by electricity infrastructure at 40 percent, R 20 million.

Total net assets represent 1.3 percent or R 5.2 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26, A9 (Asset Management) on page 36. In addition to the Table A9, KZN263 Tables SA34a, b, c and d provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery development;
- Parks, recreational facilities and swimming pools;
- Fire fighting and security equipment;
- Customer care offices;
- Electricity for all (backlog eradication) – from ESKOM and the Municipality;
- Refurbishment and renewal electrical network;
- New electricity infrastructure;
- Public lighting;
- Waste water treatment works;
- Upgrading and renewal of sewers;
- Bulk supply and backlog eradication of water;
- Refurbishment and renewal of water network;
- Backlog eradication of roads;
- Backlog eradication of storm water drainage;
- Rehabilitation of roads; and
- Extension of main entry roads.

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

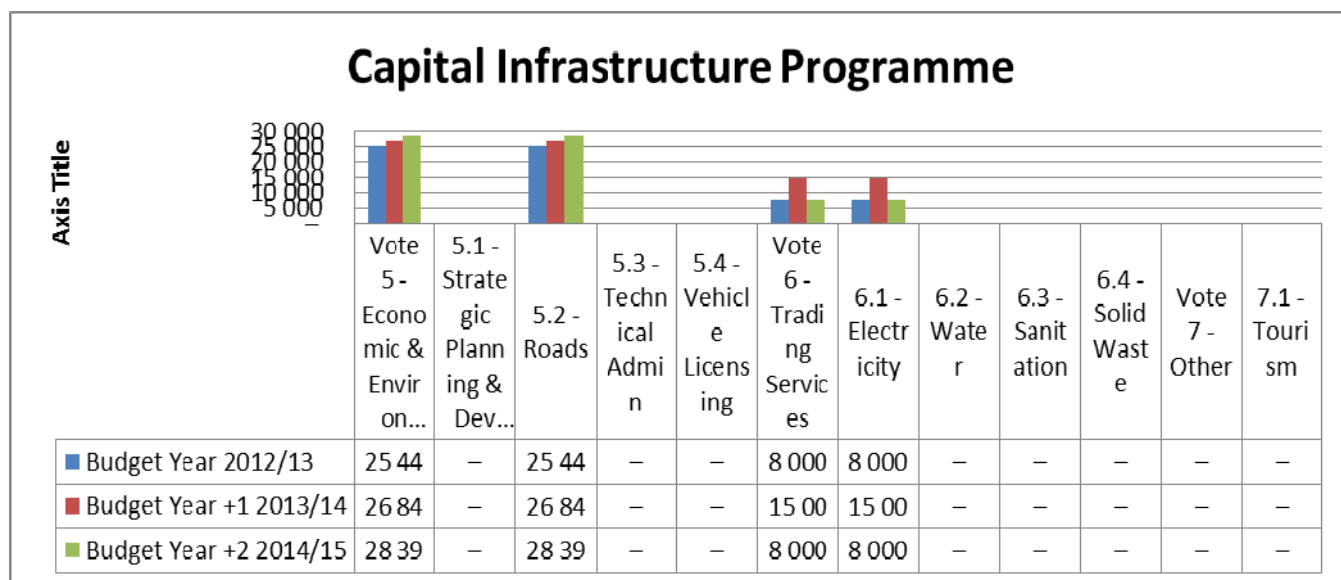


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 SA35 on page 91. It needs to be noted that as part of the 2013/14 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 KZN263 Table A1 - Budget Summary

KZN263 Abaqulusi - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		40 381	29 617	43 224	33 444	21 944	29 944	49 982	49 182	46 663
Infrastructure - Road transport		6 754	3 491	5 094	25 444	29 944	29 944	29 982	34 182	36 663
<i>Roads, Pavements & Bridges</i>		6 754	3 491	5 094	25 444	29 944	29 944	29 982	34 182	36 663
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		7 470	3 851	5 215	8 000	(8 000)	-	20 000	15 000	10 000
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>		6 871	3 506	4 722	8 000	(8 000)	-	20 000	15 000	10 000
<i>Street Lighting</i>		599	346	493	-	-	-	-	-	-
Infrastructure - Water		3 677	2 853	3 300	-	-	-	-	-	-
<i>Dams & Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		3 677	2 853	3 300	-	-	-	-	-	-
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		809	477	670	-	-	-	-	-	-
<i>Reticulation</i>		223	477	670	-	-	-	-	-	-
<i>Sewerage purification</i>		586	-	(0)	-	-	-	-	-	-
Infrastructure - Other		21 670	18 945	28 945	-	-	-	-	-	-
<i>Waste Management</i>		-	-	-	-	-	-	-	-	-
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	21 670	18 945	28 945	-	-	-	-	-	-
Community		-	100	116	-	-	-	3 400	3 568	3 800
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	1 800	1 917	2 042
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	1 600	1 651	1 758
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	100	116	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Other assets		312	387	308	-	2 890	2 890	1 884	2 012	2 186
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	2 135	2 135	-	-	-
Computers - hardware/equipment		-	-	-	-	140	140	385	415	447
Furniture and other office equipment		-	-	-	-	615	615	785	758	816
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	253	-	-	-	-	14	15	16
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		312	133	308	-	-	-	700	824	907
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		44	-	-	-	-	-	-	-	-
Computers - software & programming		44	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	40 737	30 104	43 648	33 444	24 834	32 834	55 266	54 762	52 649

Explanatory notes to KZN263 Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the

municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2015/16, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2015/16 the water backlog will have been very nearly eliminated.

Table 18 KZN263 Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN263 Abaqulusi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		92 490	88 110	108 070	150 372	142 911	121 874	159 282	175 332	201 040
Executive and council		3 234	3 185	3 731	6 159	6 161	8 041	6 897	8 523	8 844
Budget and treasury office		88 903	84 667	103 583	143 963	136 233	113 073	152 103	166 509	191 878
Corporate services		354	258	755	250	517	760	281	300	319
<i>Community and public safety</i>		9 421	7 161	7 654	7 600	7 811	7 914	9 294	9 867	10 458
Community and social services		703	568	1 932	2 074	2 212	2 629	3 515	3 713	3 904
Sport and recreation		55	33	25	22	39	44	34	37	39
Public safety		5 215	4 147	5 696	5 503	5 560	5 241	5 744	6 117	6 515
Housing		2 816	2 414	-	-	-	-	-	-	-
Health		633	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		202	12 157	18 811	2 304	3 206	2 290	2 946	3 138	3 642
Planning and development		74	185	184	299	199	135	477	508	841
Road transport		128	11 972	18 627	2 006	3 007	2 155	2 469	2 630	2 801
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		142 859	169 382	189 628	206 330	220 978	196 249	243 268	270 166	300 245
Electricity		94 326	118 036	137 183	146 863	146 070	132 123	174 336	191 420	210 212
Water		21 126	21 985	23 241	27 134	43 389	30 497	31 326	36 025	41 429
Waste water management		14 769	15 853	14 809	16 203	15 745	16 175	19 252	22 140	25 461
Waste management		12 638	13 508	14 396	16 130	15 774	17 454	18 354	20 582	23 144
<i>Other</i>	4	80	80	100	100	100	100	100	100	100
Total Revenue - Standard	2	245 053	276 890	324 263	366 706	375 006	328 427	414 890	458 602	515 485
Expenditure - Standard	-									
<i>Governance and administration</i>		64 238	67 002	79 002	84 555	81 657	73 237	89 594	95 277	101 284
Executive and council		34 483	35 193	42 482	36 450	35 221	29 775	38 886	41 399	44 061
Budget and treasury office		16 070	17 921	17 123	23 658	23 153	22 919	24 301	25 829	27 453
Corporate services		13 684	13 888	19 397	24 448	23 283	20 543	26 406	28 048	29 769
<i>Community and public safety</i>		30 107	31 524	30 984	38 772	35 761	32 420	42 173	44 914	47 820
Community and social services		12 162	12 968	11 304	19 564	15 558	13 046	19 545	20 816	22 155
Sport and recreation		3 237	3 359	2 792	3 429	3 454	3 063	3 659	3 897	4 151
Public safety		10 655	12 669	15 638	13 527	14 780	14 552	16 573	17 650	18 797
Housing		3 624	2 040	880	1 468	1 638	1 565	2 185	2 327	2 479
Health		429	486	370	785	331	194	210	224	239
<i>Economic and environmental services</i>		26 359	28 958	29 994	36 017	33 573	30 625	40 508	43 121	45 919
Planning and development		1 593	5 136	3 296	5 225	4 202	3 110	5 675	6 044	6 437
Road transport		24 767	23 822	26 697	30 792	29 370	27 515	34 832	37 077	39 483
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		125 147	154 269	197 496	206 832	223 491	186 234	241 945	266 226	293 195
Electricity		80 143	101 707	141 502	145 443	153 838	127 951	173 900	188 229	203 773
Water		17 194	19 584	22 852	24 683	33 530	23 561	25 666	29 516	33 944
Waste water management		16 615	20 291	21 159	22 067	23 530	22 373	24 224	27 603	31 469
Waste management		11 196	12 687	11 983	14 639	12 593	12 349	18 154	20 877	24 009
<i>Other</i>	4	339	375	320	470	482	308	561	586	606
Total Expenditure - Standard	3	246 190	282 128	337 796	366 646	374 963	322 823	414 780	450 123	488 824
Surplus/(Deficit) for the year		(1 137)	(5 238)	(13 533)	60	43	5 604	109	8 479	26 661

Explanatory notes to KZN263 Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN263 Abaqulusi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
<i>Municipal governance and administration</i>		92 490	88 110	108 070	150 372	142 911	121 874	159 282	175 332	201 040
Executive and council		3 234	3 185	3 731	6 159	6 161	8 041	6 897	8 523	8 844
Mayor and Council		3 234	3 185	3 731	6 159	6 161	8 041	6 897	8 523	8 844
Municipal Manager		-	-	-	-	-	-	-	-	-
Budget and treasury office		88 903	84 667	103 583	143 963	136 233	113 073	152 103	166 509	191 878
Corporate services		354	258	755	250	517	760	281	300	319
Human Resources		325	216	511	160	400	672	213	227	242
Information Technology		-	-	-	-	-	-	-	-	-
Property Services		-	-	-	-	-	-	-	-	-
Other Admin		29	42	244	90	117	88	68	73	77
<i>Community and public safety</i>		9 421	7 161	7 654	7 600	7 811	7 914	9 294	9 867	10 458
Community and social services		703	568	1 932	2 074	2 212	2 629	3 515	3 713	3 904
Libraries and Archives		167	64	1 423	1 489	1 480	2 054	2 906	3 064	3 208
Museums & Art Galleries etc		68	73	125	134	134	134	143	151	166
Community halls and Facilities		-	-	-	-	-	-	-	-	-
Cemeteries & Crematoriums		238	218	198	219	197	190	245	261	278
Child Care		-	-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-	-
Other Community		-	-	-	-	-	-	-	-	-
Other Social		230	212	186	232	401	251	222	236	252
Sport and recreation		55	33	25	22	39	44	34	37	39
Public safety		5 215	4 147	5 696	5 503	5 560	5 241	5 744	6 117	6 515
Police		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Civil Defence		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Other		5 215	4 147	5 696	5 503	5 560	5 241	5 744	6 117	6 515
Housing		2 816	2 414	-	-	-	-	-	-	-
Health		633	-	-	-	-	-	-	-	-
Clinics		633	-	-	-	-	-	-	-	-
Ambulance		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		202	12 157	18 811	2 304	3 206	2 290	2 946	3 138	3 642
Planning and development		74	185	184	299	199	135	477	508	841
Economic Development/Planning		74	185	184	299	199	135	477	508	841
Town Planning/Building		-	-	-	-	-	-	-	-	-
enforcement		-	-	-	-	-	-	-	-	-
Licensing & Regulation		-	-	-	-	-	-	-	-	-
Road transport		128	11 972	18 627	2 006	3 007	2 155	2 469	2 630	2 801
Roads		128	10 074	16 628	29	1 157	203	131	140	149
Public Buses		-	-	-	-	-	-	-	-	-
Parking Garages		-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing		-	1 842	1 999	1 977	1 850	1 952	2 338	2 490	2 652
Other		-	56	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Pollution Control		-	-	-	-	-	-	-	-	-
Biodiversity & Landscape		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-

KZN263 Abaqulusi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Trading services</i>		142 859	169 382	189 628	206 330	220 978	196 249	243 268	270 166	300 245
Electricity		94 326	118 036	137 183	146 863	146 070	132 123	174 336	191 420	210 212
<i>Electricity Distribution</i>		94 326	118 036	137 183	146 863	146 070	132 123	174 336	191 420	210 212
<i>Electricity Generation</i>										
Water		21 126	21 985	23 241	27 134	43 389	30 497	31 326	36 025	41 429
<i>Water Distribution</i>		21 126	21 985	23 241	27 134	43 389	30 497	31 326	36 025	41 429
<i>Water Storage</i>		-	-	-	-	-	-	-	-	-
Waste water management		14 769	15 853	14 809	16 203	15 745	16 175	19 252	22 140	25 461
<i>Sewerage</i>		14 769	15 853	14 809	16 203	15 745	16 175	19 252	22 140	25 461
<i>Storm Water Management</i>		-	-	-	-	-	-	-	-	-
<i>Public Toilets</i>		-	-	-	-	-	-	-	-	-
Waste management		12 638	13 508	14 396	16 130	15 774	17 454	18 354	20 582	23 144
<i>Solid Waste</i>		12 638	13 508	14 396	16 130	15 774	17 454	18 354	20 582	23 144
<i>Other</i>		80	80	100	100	100	100	100	100	100
Air Transport		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Tourism		80	80	100	100	100	100	100	100	100
Forestry		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	245 053	276 890	324 263	366 706	375 006	328 427	414 890	458 602	515 485
<u>Expenditure - Standard</u>	-									
<i>Municipal governance and administration</i>	-	64 238	67 002	79 002	84 555	81 657	73 237	89 594	95 277	101 284
Executive and council	-	34 483	35 193	42 482	36 450	35 221	29 775	38 886	41 399	44 061
<i>Mayor and Council</i>	-	31 549	31 517	39 158	30 877	30 387	26 029	33 176	35 318	37 585
<i>Municipal Manager</i>	-	2 935	3 676	3 325	5 573	4 833	3 746	5 710	6 081	6 476
Budget and treasury office	-	16 070	17 921	17 123	23 658	23 153	22 919	24 301	25 829	27 453
Corporate services	-	13 684	13 888	19 397	24 448	23 283	20 543	26 406	28 048	29 769
<i>Human Resources</i>	-	2 313	2 735	2 832	3 991	3 620	3 469	3 597	3 767	4 012
<i>Information Technology</i>	-	2 549	2 176	2 911	3 295	3 252	3 244	3 431	3 654	3 892
<i>Property Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Other Admin</i>	-	8 822	8 977	13 654	17 162	16 411	13 830	19 378	20 627	21 866
<i>Community and public safety</i>	-	30 107	31 524	30 984	38 772	35 761	32 420	42 173	44 914	47 820
Community and social services	-	12 162	12 968	11 304	19 564	15 558	13 046	19 545	20 816	22 155
<i>Libraries and Archives</i>	-	1 695	2 016	2 126	2 880	2 560	2 263	2 754	2 933	3 110
<i>Museums & Art Galleries etc</i>	-	77	288	239	522	346	213	581	619	659
<i>Community halls and Facilities</i>	-	-	-	-	-	-	-	-	-	-
<i>Cemeteries & Crematoriums</i>	-	1 186	1 617	1 237	4 426	2 896	1 388	4 364	4 647	4 949
<i>Child Care</i>	-	-	-	-	-	-	-	-	-	-
<i>Aged Care</i>	-	-	-	-	-	-	-	-	-	-
<i>Other Community</i>	-	-	-	-	-	-	-	-	-	-
<i>Other Social</i>	-	9 203	9 048	7 703	11 736	9 756	9 182	11 846	12 616	13 436
Sport and recreation	-	3 237	3 359	2 792	3 429	3 454	3 063	3 659	3 897	4 151
Public safety	-	10 655	12 669	15 638	13 527	14 780	14 552	16 573	17 650	18 797
<i>Police</i>	-	-	-	-	-	-	-	-	-	-
<i>Fire</i>	-	-	-	-	-	-	-	-	-	-
<i>Civil Defence</i>	-	-	-	-	-	-	-	-	-	-
<i>Street Lighting</i>	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	10 655	12 669	15 638	13 527	14 780	14 552	16 573	17 650	18 797
Housing	-	3 624	2 040	880	1 468	1 638	1 565	2 185	2 327	2 479
Health	-	429	486	370	785	331	194	210	224	239
<i>Clinics</i>	-	429	486	370	785	331	194	210	224	239
<i>Ambulance</i>	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-

KZN263 Abaqulusi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Economic and environmental services</i>	-	26 359	28 958	29 994	36 017	33 573	30 625	40 508	43 121	45 919
Planning and development	-	1 593	5 136	3 296	5 225	4 202	3 110	5 675	6 044	6 437
<i>Economic Development/Planning</i>	-	1 593	5 136	3 296	5 225	4 202	3 110	5 675	6 044	6 437
<i>Town Planning/Building enforcement</i>	-	-	-	-	-	-	-	-	-	-
<i>Licensing & Regulation</i>	-	-	-	-	-	-	-	-	-	-
Road transport	-	24 767	23 822	26 697	30 792	29 370	27 515	34 832	37 077	39 483
Roads	-	24 767	20 981	23 952	26 869	24 391	24 048	30 538	32 523	34 637
Public Buses	-	-	-	-	-	-	-	-	-	-
Parking Garages	-	-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing	-	-	704	853	1 022	1 194	1 129	1 219	1 277	1 358
Other	-	-	2 137	1 893	2 901	3 786	2 338	3 076	3 277	3 487
Environmental protection	-	-	-	-	-	-	-	-	-	-
Pollution Control	-	-	-	-	-	-	-	-	-	-
Biodiversity & Landscape	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	125 147	154 269	197 496	206 832	223 491	186 234	241 945	266 226	293 195
Electricity	-	80 143	101 707	141 502	145 443	153 838	127 951	173 900	188 229	203 773
Electricity Distribution	-	80 143	101 707	141 502	145 443	153 838	127 951	173 900	188 229	203 773
Electricity Generation	-	-	-	-	-	-	-	-	-	-
Water	-	17 194	19 584	22 852	24 683	33 530	23 561	25 666	29 516	33 944
Water Distribution	-	17 194	19 584	22 852	24 683	33 530	23 561	25 666	29 516	33 944
Water Storage	-	-	-	-	-	-	-	-	-	-
Waste water management	-	16 615	20 291	21 159	22 067	23 530	22 373	24 224	27 603	31 469
Sewerage	-	16 615	20 291	21 159	22 067	23 530	22 373	24 224	27 603	31 469
Storm Water Management	-	-	-	-	-	-	-	-	-	-
Public Toilets	-	-	-	-	-	-	-	-	-	-
Waste management	-	11 196	12 687	11 983	14 639	12 593	12 349	18 154	20 877	24 009
Solid Waste	-	11 196	12 687	11 983	14 639	12 593	12 349	18 154	20 877	24 009
<i>Other</i>	-	339	375	320	470	482	308	561	586	606
Air Transport	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-
Tourism	-	339	375	320	470	482	308	561	586	606
Forestry	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	246 190	282 128	337 796	366 646	374 963	322 823	414 780	450 123	488 824
Surplus/(Deficit) for the year		(1 137)	(5 238)	(13 533)	60	43	5 604	109	8 479	26 661

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Electricity, Water, Solid Waste and Waste water functions. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Governance & Administration.

Table 19 KZN263 Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**KZN263 Abaqulusi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Revenue by Vote	1									
Vote 1 - Municipal Governance and Administration		3 234	3 185	3 731	6 159	6 161	8 041	6 897	8 523	8 844
Vote 2 - Budget & Treasury		88 903	84 667	103 583	143 963	136 233	113 073	152 103	166 509	191 878
Vote 3 - Corporate Services		354	258	755	250	517	760	281	300	319
Vote 4 - Community & Public Safety		9 421	7 161	7 654	7 600	7 811	7 914	9 294	9 867	10 458
Vote 5 - Economic & Environmental Services		202	12 157	18 811	28 778	29 650	29 688	2 946	3 138	3 642
Vote 6 - Trading Services		142 859	169 382	189 628	214 330	220 978	196 249	243 268	270 166	300 245
Vote 7 - Other		80	80	100	100	100	100	100	100	100
Example 8 - Vote8		-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	245 053	276 890	324 263	401 179	401 450	355 825	414 890	458 602	515 485
Expenditure by Vote to be appropriated	1									
Vote 1 - Municipal Governance and Administration		34 483	35 193	42 482	36 450	35 221	29 775	38 886	41 399	44 061
Vote 2 - Budget & Treasury		16 070	17 921	17 123	23 658	23 153	22 919	24 301	25 829	27 453
Vote 3 - Corporate Services		13 684	13 888	19 397	24 448	23 283	20 543	26 406	28 048	29 769
Vote 4 - Community & Public Safety		30 107	31 524	30 984	38 772	35 761	32 420	42 173	44 914	47 820
Vote 5 - Economic & Environmental Services		26 359	28 958	29 994	36 017	33 573	30 625	40 508	43 121	45 919
Vote 6 - Trading Services		125 147	154 269	197 496	206 832	223 491	186 234	241 945	266 226	293 195
Vote 7 - Other		339	375	320	470	482	308	561	586	606
Example 8 - Vote8		-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-

KZN263 Abaqulusi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	246 190	282 128	337 796	366 646	374 963	322 823	414 780	450 123	488 824
Surplus/(Deficit) for the year	2	(1 137)	(5 238)	(13 533)	34 533	26 487	33 002	109	8 479	26 661

Explanatory notes to KZN263 Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 20 Surplus/ (Deficit) calculations for the trading services

None

2. The electricity trading surplus is showing signs of improvement over the 2013/14 MTREF from a deficit in 2012/13 to a small surplus of R 435 688 in 2013/14 and improving in the outer two years. This is primarily as a result of the high increases in ESKOM bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of R 5.6 million, R 6.5 million and R 7.4 million for each of the respective financial years. This is mainly attributed to funding being received from COGTA for the upgrade of the infrastructure and the municipality not having to budget as much for repairs and maintenance.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 21 KZN263 Table A4 - Budgeted Financial Performance (revenue and expenditure)**KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
<u>Revenue By Source</u>											
Property rates	2	24 264	31 266	35 131	39 453	39 900	40 925	40 925	44 260	47 137	50 201
Property rates - penalties & collection charges		596	723	881	859	700	749	749	1 087	1 158	1 233
Service charges - electricity revenue	2	90 517	105 090	116 770	143 363	142 570	126 873	126 873	170 836	187 920	206 712
Service charges - water revenue	2	16 399	20 514	22 591	27 134	33 599	30 497	30 497	31 326	36 025	41 429
Service charges - sanitation revenue	2	12 934	13 853	14 809	16 203	15 745	16 175	16 175	19 252	22 140	25 461
Service charges - refuse revenue	2	10 132	10 808	11 496	12 630	12 274	12 204	12 204	14 854	17 082	19 644
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		425	518	651	656	842	747	747	687	733	782
Interest earned - external investments		4 667	4 063	3 522	3 186	2 650	537	537	2 876	3 062	3 261
Interest earned - outstanding debtors		19	18	17	19	17	12	12	22	23	25
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		949	1 552	1 497	1 706	1 911	1 665	1 665	1 582	1 685	1 794
Licences and permits		2 412	4 451	6 207	5 280	5 010	4 739	4 739	5 897	6 280	6 688
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		56 812	72 272	91 974	83 740	108 930	108 930	108 930	90 980	93 773	121 086
Other revenue	2	24 795	1 788	1 265	32 478	10 858	23 276	23 276	31 231	41 584	37 169
Gains on disposal of PPE		72	-	956	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		244 992	266 915	307 769	366 706	375 006	367 329	367 329	414 890	458 602	515 485
<u>Expenditure By Type</u>											
-	-										
Employee related costs	2	70 892	83 124	88 369	115 577	108 852	98 135	98 135	123 491	134 476	146 558
Remuneration of councillors		8 970	9 992	11 264	12 306	12 995	11 639	11 639	12 315	13 116	13 968
Debt impairment	3	8 732	3 352	8 400	2 000	-	-	-	1 500	1 598	1 701
Depreciation & asset impairment	2	16 631	16 803	16 599	18 226	18 226	18 226	18 226	19 411	21 425	23 668
Finance charges		-	125	126	30	30	30	30	-	-	-
Bulk purchases	2	60 544	79 985	101 328	114 446	117 400	116 235	116 235	139 207	150 344	162 371
Other materials	8	-	-	-	-	-	-	-	-	-	-

KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Contracted services		19 676	25 965	28 226	34 701	36 519	31 422	31 422	41 303	45 199	49 481
Transfers and grants		11 695	12 871	27 871	15 405	25 335	5 746	5 746	12 153	12 439	12 698
Other expenditure	4, 5	48 988	49 728	56 346	53 952	47 605	56 611	56 611	65 400	71 526	78 378
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		246 127	281 944	338 530	366 644	366 963	338 044	338 044	414 780	450 123	488 824
Surplus/(Deficit)		(1 135)	(15 029)	(30 761)	62	8 043	29 285	29 285	110	8 479	26 661
Transfers recognised - capital		60	9 975	16 494	34 944	26 444	28 944	28 944	49 982	49 182	46 663
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(1 075)	(5 054)	(14 267)	35 006	34 487	58 229	58 229	50 092	57 661	73 324
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(1 075)	(5 054)	(14 267)	35 006	34 487	58 229	58 229	50 092	57 661	73 324
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(1 075)	(5 054)	(14 267)	35 006	34 487	58 229	58 229	50 092	57 661	73 324
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(1 075)	(5 054)	(14 267)	35 006	34 487	58 229	58 229	50 092	57 661	73 324

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 414.4 million in 2013/14 and escalates to R 514.9 million by 2015/16. This represents a year-on-year increase of 10 percent for the 2013/14 financial year and 10 percent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R 43.8 million in the 2013/14 financial year and increases to R 49.7 million by 2015/16 which represents 10.5 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6.5 percent, 6.5 percent and 6.5 percent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 236.2 million for the 2013/14 financial year and increasing to R 293 million by 2015/16. A notable trend is there is no growth in the total percentage revenue generated from services charges which remains constant at 56.9 percent in 2013/14, 2014/15 and 2015/16. This can be mainly attributed to the cost of bulk electricity increase in the Eskom tariffs for bulk electricity remaining at 8%.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 9.7 and 28 percent for the two outer years. The percentage share of this revenue source increases due to the new formula being implemented for the Equitable Share allocation in 2015/16.
5. The following graph illustrates the major expenditure items per type.

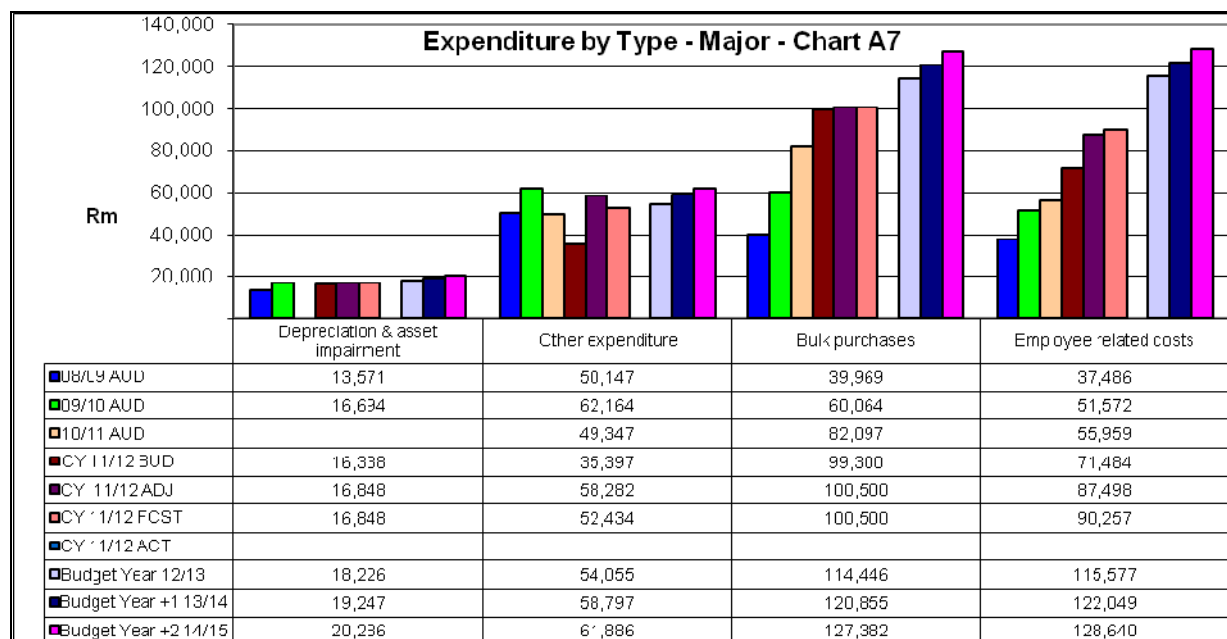


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2009/10 to 2015/16 period escalating from R 60.5 million to R 139.2 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from ESKOM.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 22 KZN263 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN263 Abaqulusi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
<u>Multi-year expenditure to be appropriated</u>	2										
Vote 1 - Municipal Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	500	500	500	500	-	-	-
Vote 4 - Community & Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 5 - Economic & Environmental Services		-	-	-	26 444	26 444	26 444	26 444	29 982	34 182	36 663
Vote 6 - Trading Services		-	-	-	8 000	-	-	-	20 000	15 000	10 000
Vote 7 - Other		-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	34 944	26 944	26 944	26 944	49 982	49 182	46 663
<u>Single-year expenditure to be appropriated</u>	2										
Vote 1 - Municipal Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	600	350	69	69	300	320	340
Vote 3 - Corporate Services		-	-	-	60	85	60	60	174	121	129
Vote 4 - Community & Public Safety		-	-	-	2 435	1 885	233	233	3 450	3 674	3 913
Vote 5 - Economic & Environmental Services		-	-	-	240	200	-	-	830	860	913
Vote 6 - Trading Services		-	-	-	425	370	72	72	530	605	690
Vote 7 - Other		-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-

KZN263 Abaqulusi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	3 760	2 890	434	434	5 284	5 580	5 986
Total Capital Expenditure - Vote		-	-	-	38 704	29 834	27 378	27 378	55 266	54 762	52 649
Capital Expenditure - Standard											
<i>Governance and administration</i>		-	-	157	1 160	935	629	629	474	441	469
Executive and council		-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	25	600	350	69	69	300	320	340
Corporate services		-	-	132	560	585	560	560	174	121	129
<i>Community and public safety</i>		-	-	283	2 435	1 885	233	233	3 450	3 674	3 913
Community and social services		-	-	-	1 650	1 100	146	146	1 600	1 704	1 815
Sport and recreation		-	-	283	35	35	18	18	50	53	57
Public safety		-	-	-	750	750	69	69	1 800	1 917	2 042
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	16 494	26 684	26 644	26 444	26 444	30 812	35 042	37 576
Planning and development		-	-	-	100	100	-	-	500	533	567
Road transport		-	-	16 494	26 584	26 544	26 444	26 444	30 312	34 510	37 009
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	17 821	8 425	370	72	72	20 530	15 605	10 690
Electricity		-	-	17 821	8 050	30	-	-	20 100	15 110	10 121
Water		-	-	-	100	70	50	50	80	92	106
Waste water management		-	-	-	50	50	22	22	50	58	66
Waste management		-	-	-	225	220	-	-	300	345	397
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	-	-	34 755	38 704	29 834	27 378	27 378	55 266	54 761	52 648
Funded by:											
National Government				34 315	34 944	26 944	26 944	26 944	49 982	49 182	46 663
Provincial Government											

KZN263 Abaqulusi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	34 315	34 944	26 944	26 944	26 944	49 982	49 182	46 663
Public contributions & donations	5										
Borrowing	6										
Internally generated funds				500	3 760	2 890	2 890	2 890	5 284	5 580	5 986
Total Capital Funding	7	-	-	34 815	38 704	29 834	29 834	29 834	55 266	54 762	52 649

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R 49.9 million has been allocated of the total R 55.2 million capital budget, which totals 90.4 percent. This allocation escalates to R 49.1 million in 2014/15 and then reduces to R 46.6 million in 2015/16 owing primarily to the fact that various projects reach completion in 2013/14 hence the spike in expenditure in year two.
3. Single-year capital expenditure has been appropriated at R 5.2 million for the 2013/14 financial year and remains relatively constant over the MTREF at levels of R 5.5 million and R 5.9 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2013/14, capital transfers totals R55.2 million and decreases to R 52.6 million by 2015/16. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 KZN263 Table A6 - Budgeted Financial Position**KZN263 Abaqulusi - Table A6 Budgeted Financial Position**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		4 003	3 938	25 718	2 000	2 000	1 587	1 587	2 000	3 000	3 000
Call investment deposits	1	6 209	–	–	74 678	64 678	79 124	79 124	70 000	70 000	70 000
Consumer debtors	1	32 050	33 375	33 682	41 500	41 500	57 778	57 778	55 000	55 000	55 000
Other debtors		10 037	–	–	9 500	9 500	5 478	5 478	9 500	9 500	9 500
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	5 605	6 717	7 260	8 000	8 000	10 274	10 274	10 000	10 000	10 000
Total current assets		57 904	44 030	66 660	135 678	125 678	154 241	154 241	146 500	147 500	147 500
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		38 497	45 979	35 910	–	–	40 365	40 365	40 365	40 365	40 365
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	273 362	239 074	236 500	230 000	230 000	336 924	336 924	300 000	300 000	300 000
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		119	74	36	80	80	19	19	20	20	20
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		311 977	285 128	272 446	230 080	230 080	377 308	377 308	340 385	340 385	340 385
TOTAL ASSETS		369 881	329 158	339 106	365 758	355 758	531 549	531 549	486 885	487 885	487 885
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	–	–	–	1 856	2 784	–	–	–
Consumer deposits		7 995	10 899	11 583	11 000	11 000	17 793	17 793	18 000	18 000	18 000
Trade and other payables	4	29 475	32 813	51 540	29 300	29 300	93 417	93 417	30 000	30 000	30 000
Provisions		594	1 294	1 294	20 000	20 000	0	0	–	–	–
Total current liabilities		38 063	45 006	64 417	60 300	60 300	113 066	113 994	48 000	48 000	48 000
Non current liabilities											

KZN263 Abaqulusi - Table A6 Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Borrowing		1 856	1 856	1 856	–	–	–	–	–	–	–
Provisions		26 884	32 677	36 177	–	–	64 635	64 635	45 000	45 000	45 000
Total non current liabilities		28 740	34 533	38 033	–	–	64 635	64 635	45 000	45 000	45 000
TOTAL LIABILITIES		66 803	79 538	102 450	60 300	60 300	177 701	178 629	93 000	93 000	93 000
NET ASSETS	5	303 078	249 619	236 656	305 458	295 458	353 848	352 920	393 885	394 885	394 885
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		302 331	248 842	236 656	305 458	295 458	353 848	352 919	393 885	394 885	394 885
Reserves	4	747	777	–	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	303 078	249 619	236 656	305 458	295 458	353 848	352 919	393 885	394 885	394 885

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24 KZN263 Table A7 - Budgeted Cash Flow Statement

KZN263 Abaqulusi - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		253 770	207 450	215 275	279 966	269 677	219 515	219 515	294 296	331 702	358 649
Government - operating	1	56 812	72 272	91 325	85 240	106 480	91 235	91 235	90 980	93 773	121 086
Government - capital	1	60	9 975	26 284	33 444	25 444	25 444	25 444	49 982	49 182	46 663
Interest		4 686	3 467	3 522	3 000	2 650	537	537	2 876	3 062	3 261
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(286 373)	(262 424)	(284 615)	(351 311)	(319 583)	(277 739)	(277 739)	(358 696)	(389 541)	(423 314)
Finance charges		-	(125)	(126)	(30)	(30)	-	-	-	-	-
Transfers and Grants	1	(11 695)	(12 871)	(27 871)	(16 805)	(35 125)	(6 464)	(6 464)	(12 153)	(12 439)	(12 698)
NET CASH FROM/(USED) OPERATING ACTIVITIES		17 260	17 743	23 794	33 504	49 513	52 528	52 528	67 285	75 739	93 647
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	956	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	(777)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(7 482)	19 070	-	(35 000)	6 104	6 104	-	-	-
Payments											
Capital assets		(22 026)	(19 431)	(13 781)	(33 444)	(32 834)	(27 378)	(27 378)	(49 982)	(49 182)	(46 663)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(22 026)	(26 914)	5 468	(33 444)	(67 834)	(21 274)	(21 274)	(49 982)	(49 182)	(46 663)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		1 856	-	-	-	-	2 784	2 784	-	-	-
Increase (decrease) in consumer deposits		620	2 896	-	-	500	1 014	1 014	1 000	1 000	1 000
Payments											
Repayment of borrowing		-	-	-	(1 856)	(1 856)	(2 784)	(2 784)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		2 476	2 896	-	(1 856)	(1 356)	1 014	1 014	1 000	1 000	1 000
NET INCREASE/ (DECREASE) IN CASH HELD		(2 290)	(6 274)	29 262	(1 796)	(19 677)	32 268	32 268	18 303	27 557	47 984

KZN263 Abaqulusi - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash/cash equivalents at the year begin:	2	12 502	10 212	3 938	33 200	35 758	16 081	35 758	48 349	66 652	94 209
Cash/cash equivalents at the year end:	2	10 212	3 938	33 200	31 404	16 081	48 349	68 026	66 652	94 209	142 193

Table 25 KZN263 Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN263 Abaqulusi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	10 212	3 938	33 200	31 404	16 081	48 349	68 026	66 652	94 209	142 193
Other current investments > 90 days		0	0	(7 481)	45 274	50 597	32 362	12 685	5 348	(21 209)	(69 193)
Non current assets - Investments	1	38 497	45 979	35 910	–	–	40 365	40 365	40 365	40 365	40 365
Cash and investments available:		48 709	49 917	61 628	76 678	66 678	121 076	121 076	112 365	113 365	113 365
Application of cash and investments											
Unspent conditional transfers		8 644	9 403	19 193	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(37 391)	(14 188)	(4 663)	(21 734)	(22 910)	39 568	39 568	(29 128)	(29 140)	(29 143)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(28 747)	(4 785)	14 530	(21 734)	(22 910)	39 568	39 568	(29 128)	(29 140)	(29 143)
Surplus(shortfall)		77 456	54 703	47 098	98 412	89 588	81 508	81 508	141 493	142 505	142 508

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the 2010/11 to 2011/12 period owing directly to a net decrease in cash for the 2010/11 financial year of R 2.9 million.
4. The approved 2012/13 MTREF provided for a further net decrease in cash of R 22.7 million for the 2012/13 financial year, however during the Adjustment Budget the resulting changed to an overall projected positive cash position of R 40.6 million at year end.
5. As part of the 2012/13 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
7. Cash and cash equivalents totals R 34.1 million as at the end of the 2013/14 financial year and escalates to R 114.8 million by 2015/16.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2009/10 to 2012/13 the surplus has deteriorated from R 63 million to R 56 million.

6. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modelled to a surplus of R 82 million in 2013/14 to 2015/16.

Table 26 KZN263 Table A9 - Asset Management

KZN263 Abaqulusi - Table A9 Asset Management										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	40 737	30 104	43 648	33 444	24 834	32 834	55 266	54 762	52 649
Infrastructure - Road transport		6 754	3 491	5 094	25 444	29 944	29 944	29 982	34 182	36 663
Infrastructure - Electricity		7 470	3 851	5 215	8 000	(8 000)	-	20 000	15 000	10 000
Infrastructure - Water		3 677	2 853	3 300	-	-	-	-	-	-
Infrastructure - Sanitation		809	477	670	-	-	-	-	-	-
Infrastructure - Other		21 670	18 945	28 945	-	-	-	-	-	-
Infrastructure		40 381	29 617	43 224	33 444	21 944	29 944	49 982	49 182	46 663
Community		-	100	116	-	-	-	3 400	3 568	3 800
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	312	387	308	-	2 890	2 890	1 884	2 012	2 186
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		44	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4									

KZN263 Abaqulusi - Table A9 Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Infrastructure - Road transport</i>		6 754	3 491	5 094	25 444	29 944	29 944	29 982	34 182	36 663
<i>Infrastructure - Electricity</i>		7 470	3 851	5 215	8 000	(8 000)	–	20 000	15 000	10 000
<i>Infrastructure - Water</i>		3 677	2 853	3 300	–	–	–	–	–	–
<i>Infrastructure - Sanitation</i>		809	477	670	–	–	–	–	–	–
<i>Infrastructure - Other</i>		21 670	18 945	28 945	–	–	–	–	–	–
Infrastructure		40 381	29 617	43 224	33 444	21 944	29 944	49 982	49 182	46 663
Community		–	100	116	–	–	–	3 400	3 568	3 800
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		312	387	308	–	2 890	2 890	1 884	2 012	2 186
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		44	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	40 737	30 104	43 648	33 444	24 834	32 834	55 266	54 762	52 649
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Infrastructure - Road transport</i>		82 459	82 459	82 459	118 892	68 688				
<i>Infrastructure - Electricity</i>		72 755	72 755	72 755	96 528	50 256				
<i>Infrastructure - Water</i>		45 629	45 629	45 629	45 629	21 038				
<i>Infrastructure - Sanitation</i>		82 078	82 078	82 078	82 078	58 936				
<i>Infrastructure - Other</i>		130 631	130 631	130 631	142 131	116				
Infrastructure		413 552	413 552	413 552	485 258	199 034	–	–	–	–
Community			22 568	22 684		17 608				
Heritage assets			2 942	2 942	–	2 942				
Investment properties		–	–	–	–	–	–	–	–	–
Other assets										
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		119	74	36	80	80	19	20	20	20
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	413 671	439 136	439 214	485 338	219 664	19	20	20	20
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		16 631	16 803	16 599	18 226	18 226	18 226	19 411	21 425	23 668

KZN263 Abaqulusi - Table A9 Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
<u>Repairs and Maintenance by Asset Class</u>	3	22 074	12 916	15 661	19 144	16 612	16 612	20 571	22 514	24 653
Infrastructure - Road transport		6 754	3 491	5 094	5 545	4 290	4 290	5 464	5 819	6 198
Infrastructure - Electricity		7 470	3 851	5 215	6 100	6 750	6 750	8 405	9 246	10 170
Infrastructure - Water		3 677	2 853	3 300	3 400	2 225	2 225	2 252	2 590	2 978
Infrastructure - Sanitation		809	477	670	2 025	1 515	1 515	1 025	1 179	1 356
Infrastructure - Other		196	665	–	–	–	–	515	592	681
Infrastructure		18 907	11 337	14 279	17 070	14 780	14 780	17 661	19 425	21 382
Community		868	1 300	1 162	1 562	1 328	1 328	1 658	1 745	1 846
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	2 300	279	220	512	504	504	1 252	1 343	1 425
TOTAL EXPENDITURE OTHER ITEMS		38 705	29 719	32 260	37 370	34 838	34 838	39 982	43 939	48 321
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		8.1%	5.4%	6.6%	8.3%	7.2%	4.9%	6.9%	7.5%	8.2%
<i>Renewal and R&M as a % of PPE</i>		5.0%	3.0%	4.0%	4.0%	8.0%	87432.0%	102854.0%	112568.0%	123264.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 percent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 percent of PPE. The Municipality is not able to meet both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

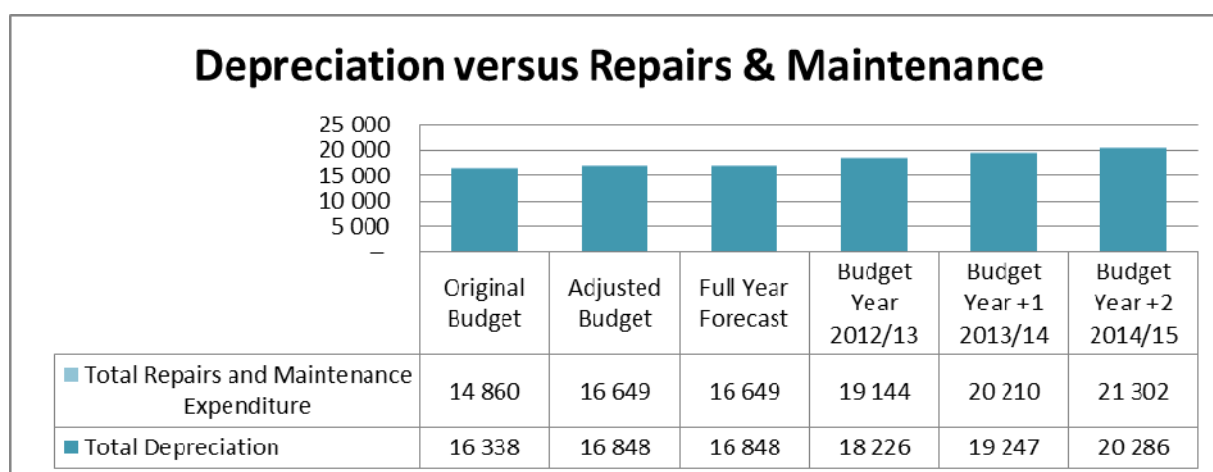


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 27 KZN263 Table A10 - Basic Service Delivery Measurement

KZN263 Abaqulusi - Table A10 Basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		14	14	16 807	16 807	16 807	16 807	16 807	16 807	16 807
Piped water inside yard (but not in dwelling)		1	2	13 797	13 797	13 797	13 797	13 797	13 797	13 797
Using public tap (at least min.service level)	2	1	–	3 065	3 065	3 065	3 065	3 065	3 065	3 065
Other water supply (at least min.service level)	4	–	–							
<i>Minimum Service Level and Above sub-total</i>		16	16	33 669	33 669	33 669	33 669	33 669	33 669	33 669
Using public tap (< min.service level)	3	–	–	1 473	1	1	1 473	1	1	1 473
Other water supply (< min.service level)	4	–	–	992	1	1	992	1	1	992
No water supply		–	–	7 166	7	7	7 166	7	7	7 166
<i>Below Minimum Service Level sub-total</i>		–	–	9 631	9	9	9 631	9	9	9 631
Total number of households	5	16	16	43 300	33 678	33 678	43 300	33 678	33 678	43 300
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		14	14	14	14			15	15	15
Flush toilet (with septic tank)		1	1	1	1	1	1	1	1	1
Chemical toilet		1	1	1	1	1	1	1	1	1
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		16	16	16	16	2	2	17	17	17
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	16	16	16	16	2	2	17	17	17
<u>Energy:</u>										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	5	6	7	7	7	7	7	7
<i>Minimum Service Level and Above sub-total</i>		–	5	6	7	7	7	7	7	7
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–

Total number of households	5	-	5	6	7	7	7	7	7	7
<u>Refuse:</u>										
Removed at least once a week		-	16	17 985	17 985	17 985	17 985	17 985	17 985	17 985
<i>Minimum Service Level and Above sub-total</i>		-	16	17 985	17 985	17 985	17 985	17 985	17 985	17 985
Removed less frequently than once a week		-	-	434	434	434	434	434	434	434
Using communal refuse dump		-	-	511	511	511	511	511	511	511
Using own refuse dump		-	-	20 764	20 764	20 764	20 764	20 764	20 764	20 764
Other rubbish disposal		-	-	878	878	878	878	878	878	878
No rubbish disposal		-	-	2 728	2 728	2 728	2 728	2 728	2 728	2 728
<i>Below Minimum Service Level sub-total</i>		-	-	25 315	25 315	25 315	25 315	25 315	25 315	25 315
Total number of households	5	-	16	43 300	43 300	43 300	43 300	43 300	43 300	43 300
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		-	3	3	4	4	4	4	4	4
Sanitation (free minimum level service)		-	3	3	4	4	4	4	4	4
Electricity/other energy (50kwh per household per month)		5	5	6	7	7	7	7	7	7
Refuse (removed at least once a week)		-	-	3	4	4	4	4	4	4
<u>Cost of Free Basic Services provided (R'000)</u>	8									
Water (6 kilolitres per household per month)		1 860	1 023	1 077	1 200	1 383	1 383	1 521	1 606	1 693
Sanitation (free sanitation service)		2 733	1 834	4 054	5 100	4 437	4 437	4 677	4 939	5 205
Electricity/other energy (50kwh per household per month)		4 302	3 000	1 290	2 500	1 223	1 223	3 500	3 500	3 500
Refuse (removed once a week)		1 876	2 507	3 090	2 900	3 387	3 387	3 500	3 500	3 500
Total cost of FBS provided (minimum social package)		10 771	8 364	9 511	11 700	10 429	10 429	13 198	13 545	13 898
<u>Highest level of free service provided</u>										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
<u>Revenue cost of free services provided (R'000)</u>	9									
Property rates (R15 000 threshold rebate)		0	2 000	3 000	3 000	3 000	3 000	-	-	-
Property rates (other exemptions, reductions and rebates)										
Water		1 077	1 023	2 598	1 200	-	-	-	-	-

Sanitation		2 733	1 834	2 000	5 100	-	-	-	-	-
Electricity/other energy		211	3 000	4 000	2 500	2 500	2 500	3 500	3 500	3 500
Refuse		1 876	2 507	2 700	2 900	2 900	2 900	3 500	3 500	3 500
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	6	5 897	10 364	14 298	14 700	8 400	8 400	7 000	7 000	7 000

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog will remain the same in 2013/14 as in 2012/13. These households are largely found in ‘rural areas’ and will need to be moved to formal areas so that they can receive services.
 - b. Sanitation services – backlog will remain the same over the MTREF
 - c. Electricity services – backlogs will be reduced in ESKOM supplied areas
 - d. Refuse services – backlog will be reduced in 2013/14, and in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for all households applying as indigent in 2013/14 to be registered and on approval from EXCO be entitled to receive Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R 12.1 million in 2013/14, increasing to R 12.6 million in 2015/16. This is covered by the municipality’s equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also ‘gives’ households R 1.5 million in free services in 2013/14. This ‘tax expenditure’ needs to be seen within the context of the municipality’s overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the ‘free services’ represent about 3 percent of total operating revenue.

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of Exco and Mancom of the municipality meeting under the chairpersonship of the Finance Portfolio.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

The above process was followed during the preparation of the budget.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 27 September 2012. Key dates applicable to the process were:

- **6 August 2012:**
- Planning meeting and establishment of Budget Committee including review of IDP and budget policies as per Gazette 32141
- **3 September 2012:**

- **Budget Framework**
- Meeting the HOD's to discuss budget process. Preparation of budget framework to provide parameters and request budget and tariff inputs for 2013/14
- **26 September 2012**
- **Presentation of Departmental and Capital Budgets**
- Departments to present budget requirements to Finance, including tariff proposals. Suggested amendments to Budget related Policies
- **20 March 2013 Draft Budget**
- Submit Draft budget, tariffs, SDBIP's to Exco for recommendation to Council Submit Draft IDP to Exco for recommendation to Council
- **30 March – 14 April 2013** – Public consultation;
- **19 April 2013** - Closing date for written comments;
- **23 May 2013** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

The AbaQulusi Municipality implemented a new five-year IDP for the period July 2012 to June 2017 to inform and guide the current elected public representatives in their term of office. This document outlines the Municipality's intent in terms of the agreed six strategic focus areas that are required to overcome AbaQulusi challenges, achieve its vision, and give effect to its other strategic considerations

It started in October 2012 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in September.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

Registration of community needs;

- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modelling and Key Planning Drivers

Full compliance was done by the municipality during the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, ESKOM increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

1.8.4 Community Consultation

The draft 2013/14 MTREF to be tabled before Council on 27 March 2013 for community consultation will be published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process from 30 March to 14 April 2013, and will include six public briefing sessions. The applicable dates and venues will be published in all the local newspapers and an average attendance of 2000 is planned per meeting. The same number of briefing sessions was held during last year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions, community-based organisations and taxi associations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2013/14 MTREF. Feedback and responses to the submissions received will be available on request. The following are some of the issues and concerns raised as well as comments received during last year's consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

The changes affecting the final 2013/14 MTREF compared to the draft 2013/14 MTREF that will be tabled for community consultation will be included.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this cycle is to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2012/13 Financial Year	2013/14 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation

3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- Low economic growth and unemployment
- Poor access to basic household services
- High levels of poverty
- Low levels of literacy and skills development
- The issue of HIV / AIDS and other diseases
- Exposure to unacceptably high level of crime and risk
- Unsustainable development practices
- Ineffective, inefficient, inward looking local government

LOCAL PRIORITIES

- To build a functionally efficient and local government structure
- To maintain financial stability and sustainability
- To create an integrated and efficient spatial structure
- To promote equitable access to infrastructure and basic services
- To improve the standard of living for the entire community of AbaQulusi municipality
- To facilitate economic development and growth

1. Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;

- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water;
- Provide municipality planning services; and
- Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zone planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 29 KZN263 Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**KZN263 Abaqulusi - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Revenue Allocation: Supporting Table 01: Reconnaissance of 121 Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand													
Sustainable Services	Electricity		1	94 326	118 036	137 183	154 863	146 070	132 123	174 336	191 420	210 212	
	Water			21 126	21 985	23 241	27 134	43 389	30 497	31 326	36 025	41 429	
	Sanitation			14 769	15 853	14 809	16 203	15 745	16 175	19 252	22 140	25 461	
Waste Management		12 638		13 508	14 396	16 130	15 774	17 454	18 354	20 582	23 144		
Infrastructure	Roads Transport			128	10 074	16 628	26 503	27 601	27 601	131	140	149	
	Cemeteries			238	218	198	219	197	190	245	261	278	
	Housing			2 816	2 414	–	–	–	–	–	–	–	
	Community			1 232	2 360	3 859	4 424	4 004	4 983	5 744	6 077	6 715	
Good Governance	Supoport Services & Fleet			354	258	755	250	517	760	281	300	319	
	Intergrated Planning			74	185	184	299	199	135	477	508	541	
	Financial Management			88 903	84 667	103 583	143 963	136 233	153 073	152 103	166 509	191 878	
	Executive & Council			3 234	3 185	3 731	6 159	6 161	8 041	6 897	8 523	8 844	
Safety & Security	Public Safety			5 215	4 147	5 696	5 503	5 560	5 241	5 744	6 117	6 515	
Social Development	Culture & Sport			–	–		–						
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)			1	245 053	276 890	324 263	401 650	401 450	396 273	414 890	458 602	515 485	

Table 30 KZN263 Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Sustainable Services	Electricity		1	80 143	101 707	141 502	145 443	153 838	127 951	173 900	188 229	203 773
	Water			17 194	19 584	22 852	24 683	33 530	23 561	25 666	29 516	33 944
	Waste Water Management			16 615	20 291	21 159		23 530	22 373	24 224	27 603	31 469
Waste Management		11 196		12 687	11 983	22 067	12 593	12 349	18 154	20 877	24 009	
Health		429		486	370	785	331	194	210	224	239	
Community		11 315		11 728	10 388	15 605	13 144	11 965	15 745	16 756	17 811	
Infrastructure	Roads Transport			24 767	23 822	26 697	30 792	29 370	27 515	34 832	37 077	39 483
	Cemeteries			1 186	1 617	1 237	4 426	2 896	1 388	4 364	4 647	4 949
	Housing			3 624	2 040	880	1 468	1 638	1 565	2 185	2 327	2 479
Good Governance	Integrated Planning			1 593	5 136	3 296	5 225	4 202	3 110	5 675	6 044	6 437
	Financial Management			16 070	17 921	17 123	23 658	23 153	22 919	24 301	25 829	27 453
	Supoprt Services & Fleet			13 684	13 888	19 397	24 448	23 283	20 543	26 406	28 048	29 769
	Executive & Council			34 483	35 193	42 482	36 450	35 221	29 775	38 886	41 399	44 061
Social Development	Culture & Sport			3 237	3 359	2 792	3 429	3 454	3 063	3 659	3 897	4 151
Safety & Security	Public Safety			10 655	12 669	15 638	13 527	14 780	14 552	16 573	17 650	18 797
Allocations to other priorities												
Total Expenditure				246 191	282 128	337 796	366 645	374 963	322 823	414 780	450 123	488 824

Table 31 KZN263 Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Sustainable Services	Electricity	A		6 629	10 040	17 821	8 050	30	–	20 100	15 110	10 121
	Water	B		–	40	–	100	70	50	80	92	106
	Waste Water	C		12 404	1 000	–	50	50	22	50	58	66
	Waste	D		–	165	–	225	220	–	300	345	397
	Community	E		69	12 517	343	2 435	1 885	233	3 450	3 674	3 914
Infrastructure	Roads	F		2 653	15 468	16 494	26 584	26 544	26 444	30 312	34 510	37 009
Good Governance	Integrated Planning	G		–	50	–	100	100	–	500	533	567
	Human Resources Management	H		57	65	132	560	585	560	174	121	129
	Executive & Council	I		21	10	–	–	–	–	–	–	–
	Financial Management	J		192	45	25	600	350	69	300	320	340
		K										
	L											
	M											
	N											
	O											
	P											
Allocations to other priorities			3									
Total Capital Expenditure			1	22 025	39 400	34 815	38 704	29 834	27 378	55 266	54 763	52 649

1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

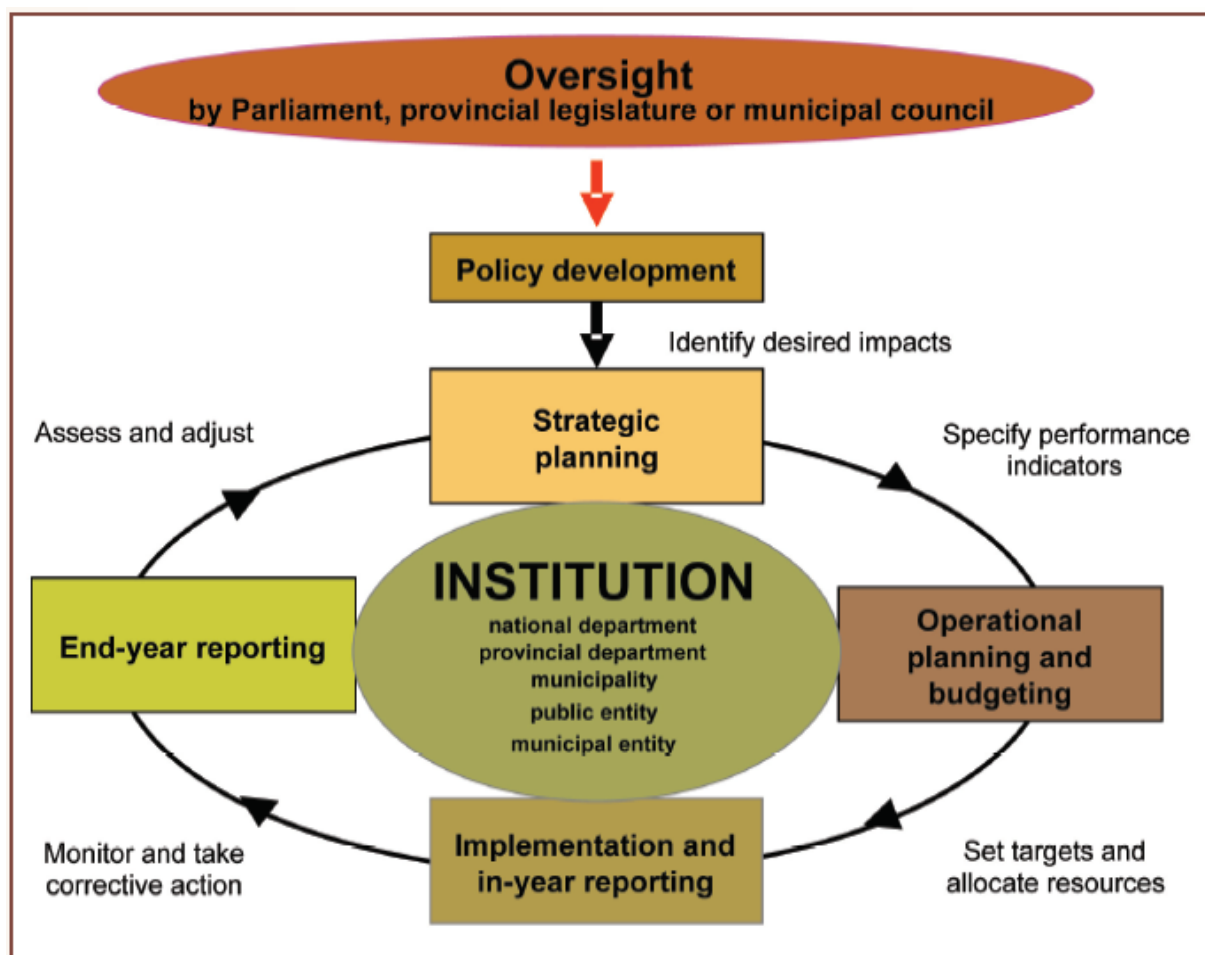


Figure 5 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

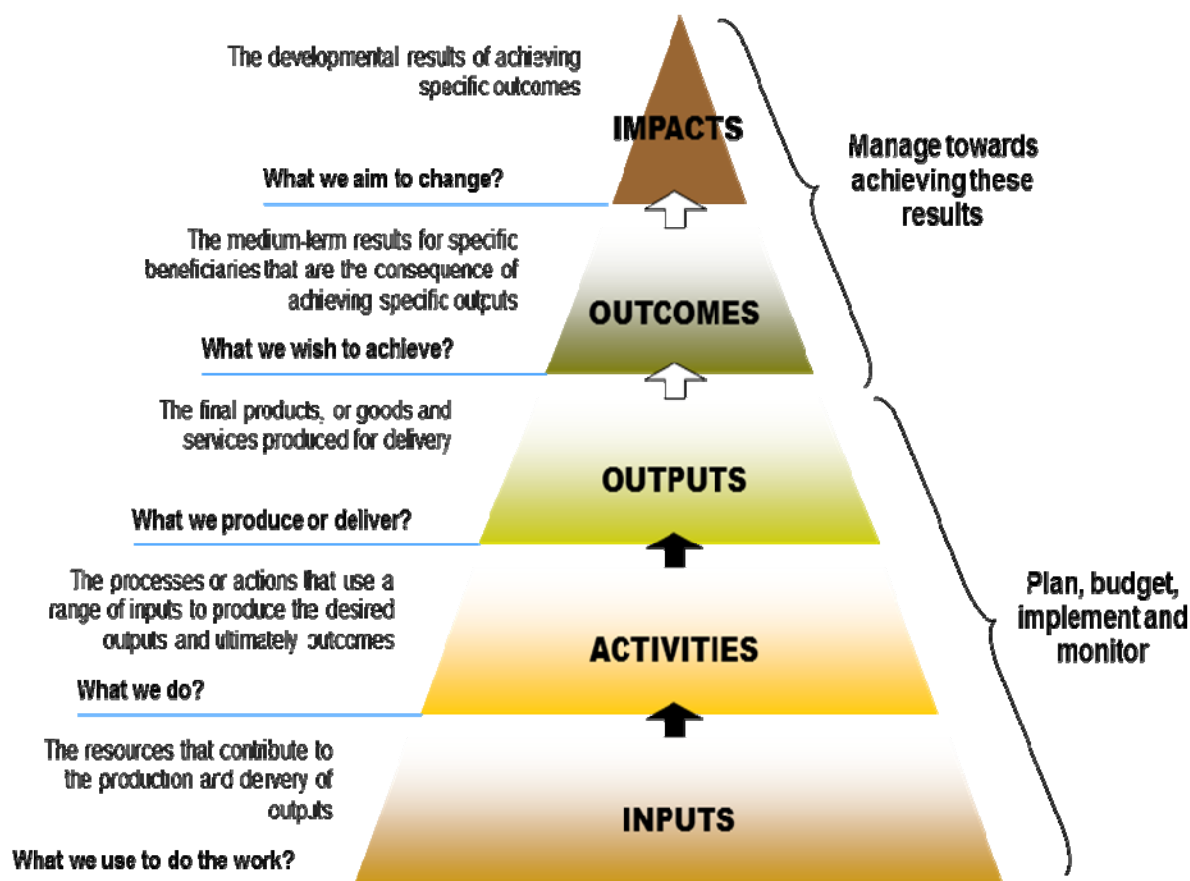


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 32 KZN263 Table SA7 - Measurable performance objectives

KZN263 Abaqulusi - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Roads and Stormwater	Kilometer									
Function - Roads										
Sub-function - Eradication of Backlogs										
<i>Reduce road backlogs</i>										
Sub-function - Roads Maintained	Kilometer									
<i>Surfaced roads resurfaced/rehabilitated</i>										
Sub-function 3 - Roads for Growth	Kilometer									
<i>New roads to be constructed</i>										
Function - Stormwater	Kilometer									
Sub-function - Reduction of Backlog										
<i>Stormwater drainage to reduce backlogs</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Water and Sanitation	Number									
Function - Water										
Sub-function - Eradication of Backlogs										
<i>Households provided with a water connection</i>										
New bulk water pipelines	Meters									
Sub-function - Maintenance of water infrastructure	Meters									
<i>Upgrade & replace of bulk water pipelines</i>										
<i>Upgrade & replace of internal water pipelines</i>	Meters									
Sub-function -										

KZN263 Abaqulusi - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Function - Sanitation										
Sub-function - Eradication of Sanitation Backlogs										
<i>Households provided with a sanitation connection</i>	Number									
New bulk sewer pipelines	Meters									
Sub-function - Maintenance of sanitation infrastructure										
<i>Upgrade & replace of bulk sewer pipelines</i>	Meters									
<i>Upgrade & replace of internal sewer pipelines</i>	Meters									
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Energy & Electricity										
Function - Electricity										
Sub-function - Provide higher levels of electricity										
<i>Houses electrified to eradicate backlogs</i>	Households									
Sub-function - New connections										
<i>Completed & occupied houses electrified to cater for growth</i>	Households									
Sub-function - Access to alternative energy sources										
<i>Areas provided with access to alternative energy sources</i>	Households									
Function 2 - (name)										
Sub-function - Provide public lighting										
<i>New street lights as per ward</i>	Wards									
Sub-function - Provide public lighting										
<i>High mast lights per ward</i>	Wards									
Sub-function - Maintain electricity infrastructure										

KZN263 Abaqulusi - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Electricity repairs and maintenance</i>	% repaired									
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 33 KZN263 Table SA8 - Performance indicators and benchmarks

KZN263 Abaqulusi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.5%	0.5%	0.8%	0.8%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.1%	0.1%	0.7%	0.7%	1.1%	1.1%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	641.5%	641.5%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	248.5%	238.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.5	1.0	1.0	2.3	2.1	1.4	1.4	3.1	3.1	3.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.0	1.0	2.3	2.1	1.4	1.4	3.1	3.1	3.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.1	0.4	1.3	1.1	0.7	0.7	1.5	1.5	1.5
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		138.3%	108.9%	101.5%	100.1%	102.4%	85.1%	85.1%	91.7%	91.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			138.3%	108.9%	101.9%	100.1%	102.4%	85.1%	85.1%	91.7%	91.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.2%	12.5%	10.9%	13.9%	13.6%	17.2%	17.2%	15.5%	14.1%	12.5%

KZN263 Abaqulusi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		204.0%	562.2%	89.3%	93.3%	182.2%	193.2%	137.3%	45.0%	31.8%	21.1%
<u>Other Indicators</u>											
	Total Volume Losses (kW)	10.0%	20.0%								
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)	50.0%	60.0%								
	Total Volume Losses (kℓ)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.9%	31.1%	28.7%	31.5%	29.0%	26.7%	26.7%	29.8%	29.3%	28.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32.6%	36.6%	33.7%	36.2%	33.4%	29.4%		32.7%	32.2%	31.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9.0%	4.8%	5.1%	5.2%	4.4%	4.5%		5.0%	4.9%	4.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	6.8%	6.3%	5.4%	5.0%	4.9%	5.0%	5.0%	4.7%	4.7%	4.6%
<u>IDP regulation financial viability indicators</u>	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	54.3	55.3	44.4	62.8	62.8	62.8	89.8	105.8	111.9	120.9

KZN263 Abaqulusi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.1%	18.3%	16.6%	21.2%	20.8%	27.7%	27.7%	22.8%	20.7%	18.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	0.2	1.5	1.2	0.6	2.0	2.9	2.2	2.9	4.1

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, AbaQulusi Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is 0% and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained steady from 0 percent in 2008/09 to 2012/13. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 5.4 percent in 2013/14 and will then decrease to 0 percent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 percent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2013/14 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the ratio remains at 0%.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. The ratio remains at 0%.

1.10.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should

this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.4 in the 2013/14 financial year and remains at 1.4 for the two outer years of the MTREF. Going forward the municipality will have to maintain the ratio above 1.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.3 and as part of the financial planning strategy it has been increased to 0.3 in the 2013/14 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

1.10.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

1.10.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 percent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.10.1.6 Other Indicators

- The electricity distribution losses have increased from 20.86% to 22.58%. The initiatives to ensure these targets are controlled and lowered during the 2013/14 financial year include managing illegal connections and theft of electricity by auditing all systems, including prepaid meters.
- The water distribution losses continue to increase from 66.5 percent in 2010/11 to 67.57 percent in 2011/12. The municipality will have to introduce a water leakage report and action centre. Also areas currently not metered will have to have meters installed to ensure residents pay for water consumed. It is planned to further try and reduce distribution losses from 60 percent in 2012/13 to 30 percent by 2015/16.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services and all indigents must apply annually and these applications will be scrutinized to ensure they are genuine.

For the 2013/14 financial year registered indigents have been provided for in the budget with this figured increasing by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85¢ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

1.10.3 Providing clean water and managing waste water

The Municipality is in the process of applying to the Department of Water Affairs to become the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The water is generated from the Municipality's own water sources, such as boreholes and small dams.

The waste water plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2013/14 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that need to be undertaken to address these challenges:

- Infrastructure shortcomings will be addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Section will embark on an in-house training programme, especially for operational personnel;
- The section is working in consultation with the Department of Water Affairs to address catchment management.

1.11 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.11.1 Review of credit control and debt collection procedures/policies

The policy adopted last year is credible, sustainable, manageable and informed by affordability and value for money. During the 2013/14 financial year there will be a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, an Integrated Indigent Exit Programme will have to be developed to link the registered indigent households to development, skills and job opportunities. The programme will further seek to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 92 percent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

1.11.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. An Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy will prescribe the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals,

the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.11.5 Budget and Virements Policy

The Budget and Virements Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virements Policy was approved by Council in May 2011 in respect of both Operating and Capital Budget Fund Transfers.

1.11.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy were approved by Council in January 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

1.11.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy will be compiled during the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. The policy will dictate the approach to longer term financial modelling. The outcomes will then be filtered into the budget process. The model and scenario planning outcomes will be taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy will be the emphasis on financial sustainability. Amongst others, the following will be modelled as part of the financial modelling and scenario planning process:

- Approved 2012/13 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;

- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above existing policies are available on the Municipality's website, and all new policies will be placed on the website once adopted by Council. These include the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.12 Overview of budget assumptions

1.12.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.12.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 29.7 percent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.12.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

1.12.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (92 percent) of annual billings. Cash flow is assumed to be 92 percent of billings, plus an increased collection of

arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.12.5 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.12.6 Salary increases

The multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 provides for a salary increase based on the average CIP for the period 1 February 2012 until 31 January 2013, plus 1.25% for the 2013/14 financial year as advised by National Treasury in MFMA Circular 66.

1.12.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.12.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 percent is achieved on operating expenditure and 98 percent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 34 Breakdown of the operating revenue over the medium-term

Description R thousands	2011/12 Medium Term Revenue & Expenditure Framework					
	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Property rates	3,088,356	20%	3,440,147	20%	3,835,764	20%
Service charges	8,492,829	56%	9,866,101	58%	11,466,027	59%
Investment revenue	120,080	1%	64,139	0%	71,375	0%
Transfers recognised - operational	1,001,918	7%	1,118,355	7%	1,217,891	6%
Other own revenue	2,435,435	16%	2,608,992	15%	2,775,223	14%
Total Operating Revenue (excluding capital transfers and contributions)	15,138,618	100%	17,097,734	100%	19,366,281	100%
Total Operating Expenditure	14,679,924		16,538,558		18,813,187	
Surplus/(Deficit)	458,694		559,176		553,095	

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

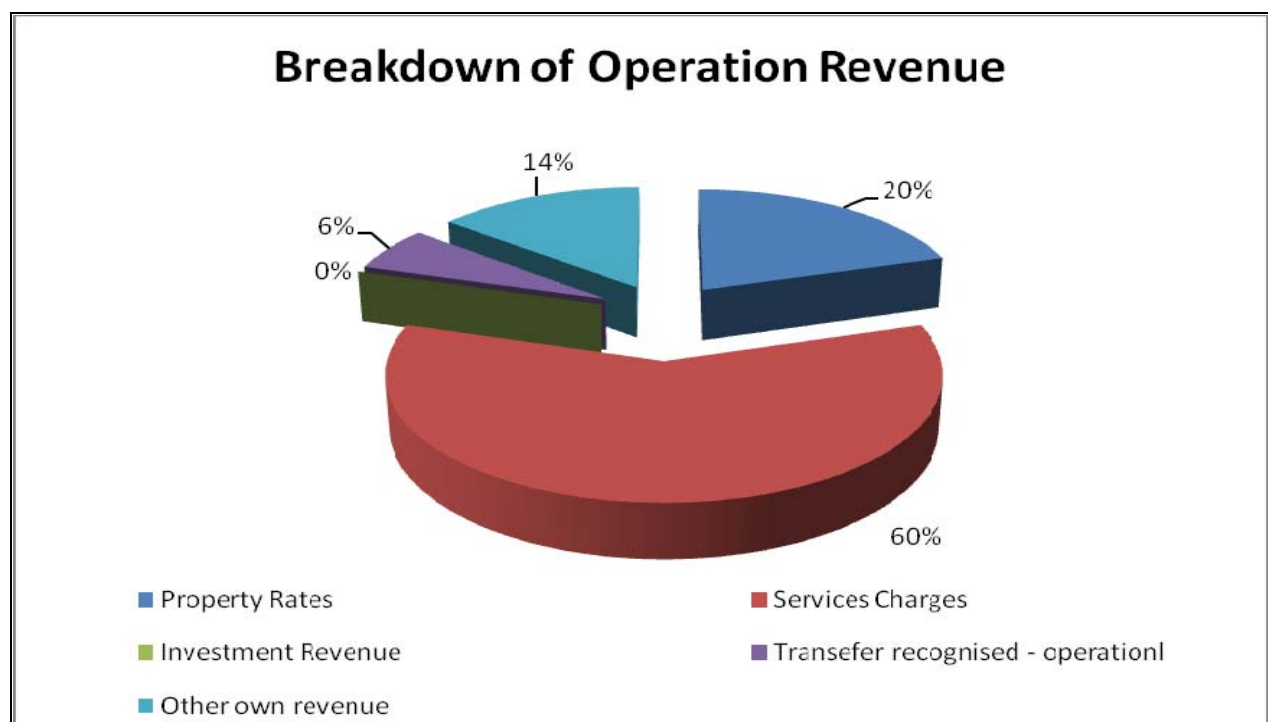


Figure 7 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 92 percent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 35 Proposed tariff increases over the medium-term

Revenue category	2012/13 proposed tariff increase	2012/13 proposed tariff increase	2013/14 proposed tariff increase	2011/11 additional revenue for each 1% tariff increase	2012/13 additional revenue owing to % tariff increases	2012/13 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	10	9	9	27 472	274 720	3 088 356
Sanitation	11	10	9	3 536	38 901	392 543
Solid Waste	9	13	14	3 944	35 495	447 780
Water	10	10	10	14 443	144 430	1 618 400
Electricity	22	15	14	50 504	959 581	6 010 000
Total				99 899	1 453 127	11 557 079

Revenue to be generated from property rates is R 43.8 million in the 2013/14 financial year and increases to R 49.7 million by 2015/16 which represents 10.5 percent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered strategic revenue source further supplementary valuation processes will be undertaken during the 2013/14 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 236 million for the 2013/14 financial year and increasing to R 293 million by 2015/16. For the 2013/14 financial

year services charges amount to 56 percent of the total revenue base and remains constant over the medium-term.

Operational grants and subsidies amount to R 90.9 million, R 93.7 million and R 120.5 million for each of the respective financial years of the MTREF, or 21.9, 20.4 and 23.4 percent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R 42 million for the respective three financial years of the 2013/14 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 36 KZN263 SA15 – Detail Investment Information

KZN263 Abaqulusi - Supporting Table SA15 Investment particulars by type

Investment type	Re f	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand											
<u>Parent municipality</u>	1										
Securities - National Government											
Listed Corporate Bonds											
Deposits - Bank		34 767	38 497	49 580	74 678	74 678	74 678	75 000	75 000	75 000	
Deposits - Public Investment Commissioners											
Deposits - Corporation for Public Deposits											
Bankers Acceptance Certificates											
Negotiable Certificates of Deposit											
- Banks											
Guaranteed Endowment Policies (sinking)											
Repurchase Agreements - Banks											
Municipal Bonds											
Municipality sub-total			34 767	38 497	49 580	74 678	74 678	74 678	75 000	75 000	75 000
<u>Entities</u>											
Securities - National Government											
Listed Corporate Bonds											
Deposits - Bank											
Deposits - Public Investment Commissioners											
Deposits - Corporation for Public Deposits											
Bankers Acceptance Certificates											
Negotiable Certificates of Deposit											
- Banks											
Guaranteed Endowment Policies (sinking)											
Repurchase Agreements - Banks											
Entities sub-total		-	-	-	-	-	-	-	-	-	
Consolidated total:		34 767	38 497	49 580	74 678	74 678	74 678	75 000	75 000	75 000	

Table 37 KZN263 SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months								Rand thousand	
Parent municipality											
ABSA (Notice Deposit)										900	
ABSA (Guarantee ESKOM)										1 490	
ABSA (Call)										2	
ABSA (Call)										15 771	
ABSA (Call)										681	
ABSA (Call)										2 006	
SIMS										28 502	
FIRST NATIONAL										5 000	
INVESTEC BANK										5 101	

Investments by Maturity	R ef	Period of Investm ent	Type of Investm ent	Capital Guan tee (Yes/ No)	Varia ble or Fixed intere st rate	Inter est Rate 3.	Commis sion Paid (Rands)	Commis sion Recipien t	Expiry date of investm ent	Monet ary value	Intere st to be realis ed
Name of institution & investment ID		Yrs/Mon ths								Rand thousa nd	
STANDARD BANK	1									5 051	
INVESTEC BANK										5 100	
INVESTEC BANK										5 075	
Municipality sub-total										74 678	-
Entities											
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									74 678	-

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R 76,483 and then R 8.4 million and R 26.1 million in each of the financial years. The municipality is seriously busy with an exercise to relook at the tariffs for electricity in the 2013/14 financial year as the ESKOM increases of the past two years which have been significantly more than the percentage the municipality was allowed to increase the tariffs is having a negative impact on the cash flow

1.13.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 38 Sources of capital revenue over the MTREF

Vote Description			2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Funded by:								
National Government	911,827		991,551		1,063,822		1,149,896	
Provincial Government	49,377		49,500		51,200		52,000	
Transfers recognised - capital	961,204	36%	1,041,051	40%	1,115,022	36%	1,201,896	41%
Public contributions & donations	27,751	1%	56,261	2%	49,741	2%	68,369	2%
Borrowing	1,051,000	39%	1,000,000	38%	1,000,000	32%	1,000,000	34%
Internally generated funds	636,978	24%	517,137	20%	971,351	31%	647,860	22%
Total Capital Funding	2,676,933	100%	2,614,449	100%	3,136,114	100%	2,918,125	100%

The above table is graphically represented as follows for the 2013/14 financial year.

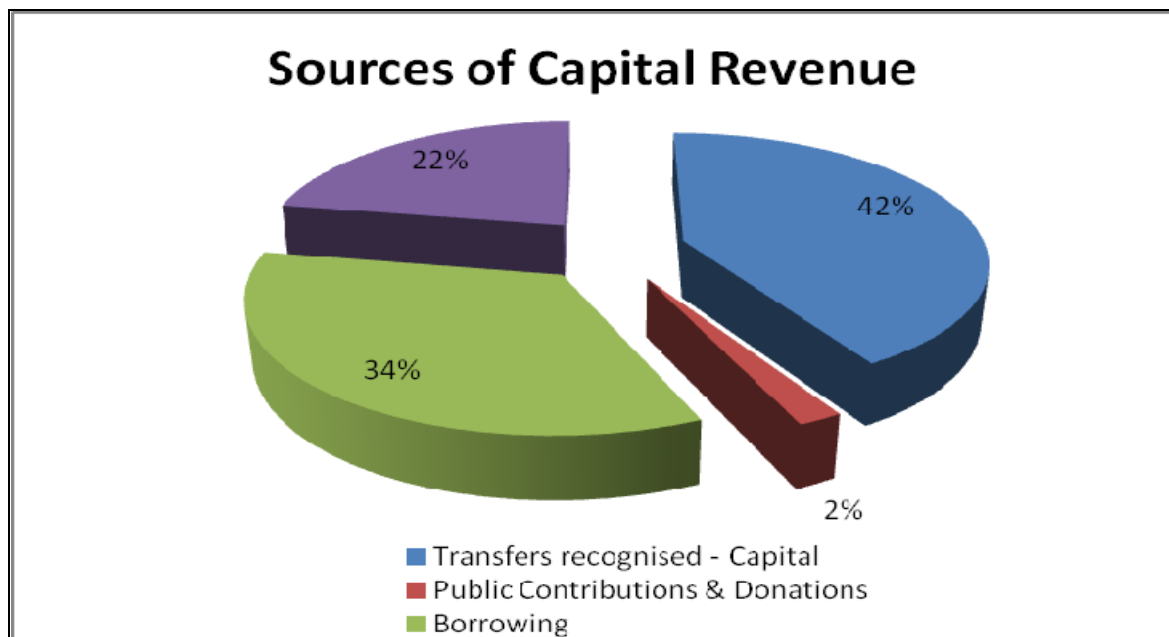


Figure 8 Sources of capital revenue for the 2013/14 financial year

Capital grants and receipts represents R 5.2 million from own funding and R 49.9 from grant funding for the 2013/14 financial year.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 39 KZN263 Table SA 17 - Detail of borrowings

Borrowing - Categorised by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Parent municipality</u>										
Long-Term Loans (annuity/reducing balance)		1 856	1 856	1 856	1 856	1 856	1 856			
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	1 856	1 856	1 856	1 856	1 856	1 856	-	-	-
<u>Entities</u>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										

Borrowing - Categorised by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	1 856	1 856	1 856	1 856	1 856	1 856	-	-	-

Unspent Borrowing - Categorised by type										
<u>Parent municipality</u>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
<u>Entities</u>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										

Borrowing - Categorised by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

The following graph illustrates the growth in outstanding borrowing for the 2009/10 to 2015/16 period.

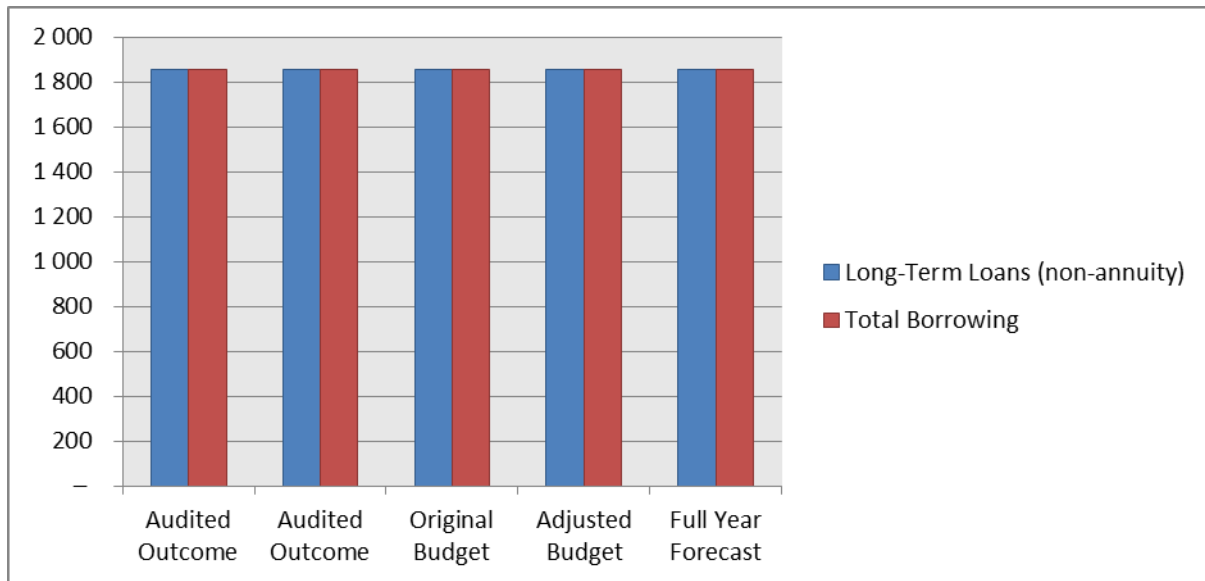


Figure 9 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 40 KZN263 Table SA 18 - Capital transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		52 138	69 248	89 606	81 354	99 144	91 144	88 005	98 225	117 646
Local Government Equitable Share		49 758	67 025	87 129	79 054	88 844	88 844	85 565	95 691	115 029
EPWP Incentive		-	-	-	-	-	-	-	-	-
Finance Management		955	1 200	1 450	1 500	1 500	1 500	1 550	1 600	1 650
Municipal Systems Improvement		1 300	1 000	1 000	800	800	800	890	934	967
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme		126	23	26	-	8 000	-	-	-	-
Provincial Government:		3 979	2 943	1 619	1 565	1 565	1 469	2 975	3 137	3 291
		633	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		2 816	2 414	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Library		530	530	1 619	1 431	1 431	1 335	2 832	2 986	3 125
Museum		-	-	-	134	134	134	143	151	166
District Municipality:		695	80	750	821	821	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		695	80	750	821	821	-	-	-	-

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Other grant providers: [insert description]		-	-	-	-	-		-	-	-
Total Operating Transfers and Grants	5	56 812	72 272	91 974	83 740	101 530	92 613	90 980	101 362	120 937
<u>Capital Transfers and Grants</u>										
National Government:		-	9 975	16 494	42 944	26 944	26 944	49 982	49 182	46 663
Municipal Infrastructure Grant (MIG)		-	9 975	16 494	34 944	26 944	26 944	29 982	34 182	36 663
INEG		-	-	-	8 000	-	-	20 000	15 000	10 000
Provincial Government:		60	-	-	-	150	-	-	-	-
Other capital transfers/grants [insert description]		60	-	-	-	150	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	60	9 975	16 494	42 944	27 094	26 944	49 982	49 182	46 663
TOTAL RECEIPTS OF TRANSFERS & GRANTS		56 872	82 247	108 468	126 684	128 624	119 557	140 962	150 544	167 600

1.13.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 41 KZN263 Table A7 - Budget cash flow statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		253 770	207 450	215 275	279 966	269 677	219 515	219 515	294 296	331 702	358 649
Government - operating	1	56 812	72 272	91 325	85 240	106 480	91 235	91 235	90 980	93 773	121 086
Government - capital	1	60	9 975	26 284	33 444	25 444	25 444	25 444	49 982	49 182	46 663
Interest		4 686	3 467	3 522	3 000	2 650	537	537	2 876	3 062	3 261
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(286 373)	(262 424)	(284 615)	(351 311)	(319 583)	(277 739)	(277 739)	(358 696)	(389 541)	(423 314)
Finance charges		-	(125)	(126)	(30)	(30)	-	-	-	-	-
Transfers and Grants	1	(11 695)	(12 871)	(27 871)	(16 805)	(35 125)	(6 464)	(6 464)	(12 153)	(12 439)	(12 698)
NET CASH FROM/(USED) OPERATING ACTIVITIES		17 260	17 743	23 794	33 504	49 513	52 528	52 528	67 285	75 739	93 647
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	956	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	(777)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(7 482)	19 070	-	(35 000)	6 104	6 104	-	-	-
Payments											
Capital assets		(22 026)	(19 431)	(13 781)	(33 444)	(32 834)	(27 378)	(27 378)	(49 982)	(49 182)	(46 663)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(22 026)	(26 914)	5 468	(33 444)	(67 834)	(21 274)	(21 274)	(49 982)	(49 182)	(46 663)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		1 856	-	-	-	-	2 784	2 784	-	-	-
Increase (decrease) in consumer deposits		620	2 896	-	-	500	1 014	1 014	1 000	1 000	1 000
Payments											

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Repayment of borrowing		–	–	–	(1 856)	(1 856)	(2 784)	(2 784)	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		2 476	2 896	–	(1 856)	(1 356)	1 014	1 014	1 000	1 000	1 000
NET INCREASE/ (DECREASE) IN CASH HELD		(2 290)	(6 274)	29 262	(1 796)	(19 677)	32 268	32 268	18 303	27 557	47 984
Cash/cash equivalents at the year begin:	2	12 502	10 212	3 938	33 200	35 758	16 081	35 758	48 349	66 652	94 209
Cash/cash equivalents at the year end:	2	10 212	3 938	33 200	31 404	16 081	48 349	68 026	66 652	94 209	142 193

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2009/10 and 2012/13 financial year moving from a positive cash balance of R47.8 million to a balance of R41.6 million with the approved 2012/13 MTREF. With the 2012/13 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality will have to undertake an extensive debt collection process to boost cash levels in the 2013/14 financial year. These initiatives and interventions will translate into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase by the financial year end. For the 2013/14 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase in 2013/14 and steadily increase by 2015/16.

1.13.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 42 KZN263 Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	10 212	3 938	33 200	31 404	16 081	48 349	68 026	66 652	94 209	142 193
Other current investments > 90 days		0	0	(7 481)	45 274	50 597	32 362	12 685	5 348	(21 209)	(69 193)
Non current assets - Investments	1	38 497	45 979	35 910	–	–	40 365	40 365	40 365	40 365	40 365
Cash and investments available:		48 709	49 917	61 628	76 678	66 678	121 076	121 076	112 365	113 365	113 365
Application of cash and investments											
Unspent conditional transfers		8 644	9 403	19 193	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(37 391)	(14 188)	(4 663)	(21 734)	(22 910)	39 568	39 568	(29 128)	(29 140)	(29 143)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(28 747)	(4 785)	14 530	(21 734)	(22 910)	39 568	39 568	(29 128)	(29 140)	(29 143)
Surplus(shortfall)		77 456	54 703	47 098	98 412	89 588	81 508	81 508	141 493	142 505	142 508

From the above table it can be seen that the cash and investments available total R86 million in the 2013/14 financial year and progressively increase to R87 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2012/13 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2013/14 financial year no provision has been made for this liability as the total unspent conditional grant liability of R 26.3 million has been factored into the 2013/14 capital programme of the Municipality. The Municipality will apply for the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants needs to be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The municipality will not have a liability as VAT is normally claimed from SARS.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2012/13 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

The 2013/14 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

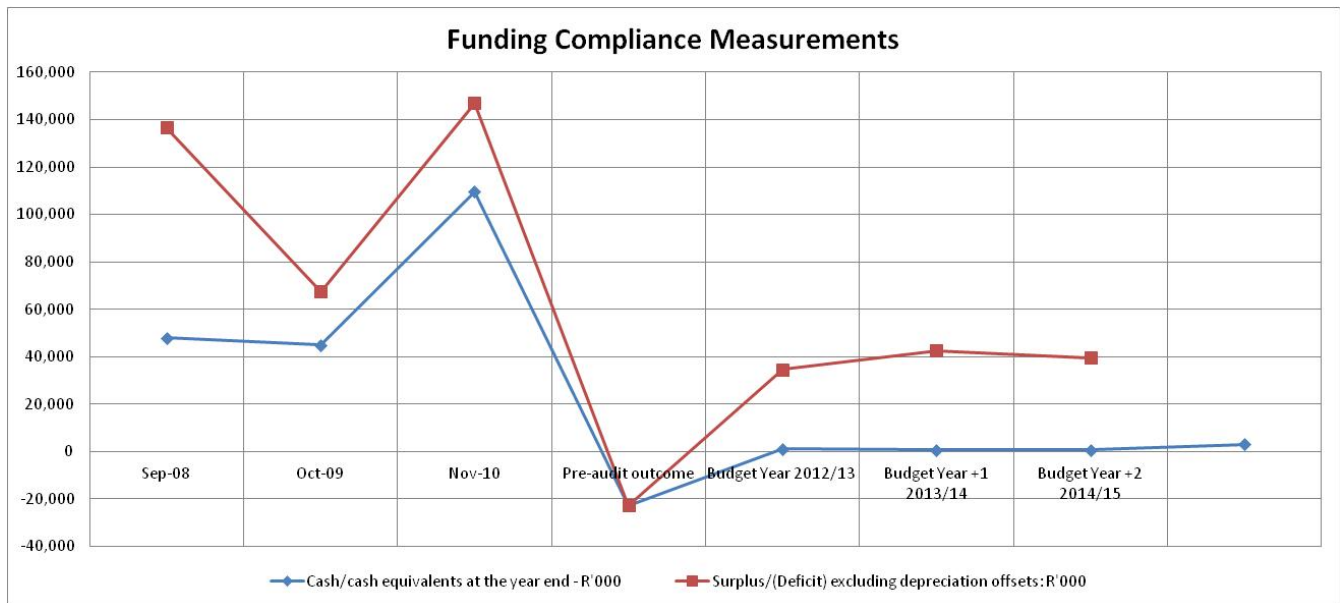


Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds

1.13.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 43 KZN263 SA10 – Funding compliance measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	10 212	3 938	33 200	31 404	16 081	48 349	68 026	66 652	94 209	142 193
Cash + investments at the yr end less applications - R'000	18(1)b	2	77 456	54 703	47 098	98 412	89 588	81 508	81 508	141 493	142 505	142 508
Cash year end/monthly employee/supplier payments	18(1)b	3	0.6	0.2	1.5	1.2	0.6	2.0	2.9	2.2	2.9	4.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(1 075)	(5 054)	(14 267)	35 006	34 487	58 229	58 229	50 092	57 661	73 324
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	11.7%	4.7%	12.8%	(3.9%)	(13.1%)	(6.0%)	9.0%	4.6%	4.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	138.3%	108.9%	101.9%	100.1%	102.4%	85.1%	85.1%	91.7%	91.7%	91.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	5.6%	1.8%	4.2%	0.8%	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	86.4%	110.1%	100.0%	100.0%	90.4%	89.8%	88.6%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	641.5%	641.5%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(20.7%)	0.9%	51.4%	0.0%	24.0%	0.0%	26.5%	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	8.1%	5.4%	6.6%	8.3%	7.2%	4.9%	6.1%	6.9%	7.5%	8.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

1.13.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2013/14 MTREF shows R 34.1 million, R 75.9 million and R 114.8 million for each respective financial year.

1.13.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.13.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

1.13.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus of R 50 thousand, R 57 thousand and R 72 thousand.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.13.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any

assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 – 5.6 percent). The result is intended to be an approximation of the real increase in revenue. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.13.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 93, 93.2 and 96.3 percent for each of the respective financial years. Given that the assumed collection rate was based on a 92 percent performance target, the cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.13.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0.5 percent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

1.13.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

1.13.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 percent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on 66.

1.13.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 percent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

1.13.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

1.13.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 KZN263 SA34C on page 90.

1.13.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 SA34b on page 89.

1.14 Expenditure on grants and reconciliations of unspent funds

Table 45 KZN263 SA19 – Expenditure on transfers and grant programmes

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
EXPENDITURE:	1									
-										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		45 902	60 015	-	-	-	-	-	-	-
Local Government Equitable Share		41 668	55 648							
EPWP Incentive		1 000	1 200							
Finance Management		1 300	1 000							
Municipal Systems Improvement		1 934	2 167							
Integrated National Electrification Programme										
Provincial Government:		-	-	-	-	-	-	-	-	-
Library										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total operating expenditure of Transfers and Grants:		45 902	60 015	-	-	-	-	-	-	-
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)										

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
INEG										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		45 902	60 015	-	-	-	-	-	-	-

Table 44 KZN263 SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				–	997					
Current year receipts				–	60 015					
Conditions met - transferred to revenue		–	–	–	61 012	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year					991					
Current year receipts					1 273					
Conditions met - transferred to revenue		–	–	–	2 264	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		–	–	–	63 276	–	–	–	–	–
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–			–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	–	–	–	–	–	–	–	–
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	–	–	3 276	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

1.15 Councillor and employee benefits

Table 45 KZN263 SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
-	1	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		7 597	8 678	10 578	11 886	12 536	9 949	11 839	12 608	13 428
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 048	941	282	50	50	42	51	54	58
Cellphone Allowance		325	373	404	370	409	355	425	453	483
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		8 970	9 992	11 264	12 306	12 995	10 346	12 315	13 116	13 968
% increase	4		11.4%	12.7%	9.2%	5.6%	(20.4%)	19.0%	6.5%	6.5%
<u>Senior Managers of the Municipality</u>	2									
Basic Salaries and Wages		-	3 828	3 286	3 733	2 600	-	4 821	5 134	5 464
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	746	772	1 060	700	-	700	746	793
Cellphone Allowance	3	-	120	109	120	63	-	120	128	136
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	4 694	4 167	4 913	3 363	-	5 641	6 008	6 394
% increase	4		-	(11.2%)	17.9%	(31.6%)	(100.0%)	-	6.5%	6.4%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		42 748	49 397	52 428	69 373	59 530	55 409	69 014	75 254	82 128
Pension and UIF Contributions		7 761	9 422	9 822	14 165	14 451	10 900	16 057	17 523	19 141
Medical Aid Contributions		2 153	2 872	3 357	4 382	4 495	3 505	5 714	6 220	6 776
Overtime		5 807	7 859	9 825	4 300	9 629	8 739	4 410	4 906	5 464
Performance Bonus		3 830	4 273	2 466	5 917	4 500	5 725	5 340	5 833	6 377

Summary of Employee and Councillor remuneration	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Motor Vehicle Allowance	3	3 955	5 430	6 313	8 546	7 115	6 201	7 520	8 131	8 797
Cellphone Allowance	3	437	437	594	700	639	500	642	694	750
Housing Allowances	3	285	401	434	492	456	344	299	321	346
Other benefits and allowances	3	1 177	1 501	1 705	1 859	2 195	1 665	3 042	3 327	3 644
Payments in lieu of leave		–	–	–	2 600	2 600	1 460	2 600	2 838	3 100
Long service awards		2 701	1 507	1 400	31	31	25	–	–	–
Post-retirement benefit obligations	6	40	25	26	3 212	3 212	3 212	3 212	3 421	3 643
Sub Total - Other Municipal Staff		70 892	83 124	88 369	115 577	108 852	97 685	117 850	128 468	140 164
% increase	4		17.3%	6.3%	30.8%	(5.8%)	(10.3%)	20.6%	9.0%	9.1%
Total Parent Municipality		79 862	97 810	103 800	132 796	125 210	108 031	135 806	147 591	160 526
			22.5%	6.1%	27.9%	(5.7%)	(13.7%)	25.7%	8.7%	8.8%
<u>Board Members of Entities</u>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
<u>Senior Managers of Entities</u>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									

Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		79 862	97 810	103 800	132 796	125 210	108 031	135 806	147 591	160 526
% increase	4		22.5%	6.1%	27.9%	(5.7%)	(13.7%)	25.7%	8.7%	8.8%
TOTAL MANAGERS AND STAFF	5,7	70 892	87 818	92 536	120 490	112 214	97 685	123 491	134 476	146 558

Table 47 KZN263 SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		39	39		44	44		44	11	33
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6		6	6		6	6		6
Other Managers	7	14	10	4						
Professionals		–	–	–	–	–	–	208	203	5
Finance		–	–		–	–		66	61	5
Spatial/town planning		–	–		–	–		8	8	–
Information Technology		–	–		–	–		5	5	–
Roads		–	–		–	–		4	4	–
Electricity		–	–		–	–		–	–	
Water		–	–		–	–		–	–	
Sanitation		–	–		–	–		–	–	
Refuse		–	–		–	–		–	–	
Other		–	–		–	–		125	125	–
Technicians		272	253	–	298	241	–	142	124	18
Finance		45	40		56	45		–	–	
Spatial/town planning		4	4		7	7		–	–	
Information Technology		3	3		3	4		–	–	
Roads		18	18		21	15		21	15	6
Electricity		38	32		40	33		40	33	7
Water		40	35		40	35		40	35	5
Sanitation		35	35		40	35		40	40	–
Refuse		1	1		1	2		1	1	–
Other		88	85		90	65		–	–	
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		19	19		21	15		21	15	6
Elementary Occupations		200	194		240	180		251	250	1

Summary of Personnel Numbers		2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
TOTAL PERSONNEL NUMBERS		550	515	10	609	480	6	672	603	69
% increase					10.7%	(6.8%)	(40.0%)	10.3%	25.6%	1,050.0%
Total municipal employees headcount	6									
Finance personnel headcount	8					455				
Human Resources personnel headcount	8									

1.16 Monthly targets for revenue, expenditure and cash flow**Table 48 KZN263 SA25 - Budgeted monthly revenue and expenditure**

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue By Source	-															
Property rates		3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	44 260	47 137	50 201
Property rates - penalties & collection charges		91	91	91	91	91	91	91	91	91	91	91	91	1 087	1 158	1 233
Service charges - electricity revenue		14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	170 836	187 920	206 712
Service charges - water revenue		2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	31 326	36 025	41 429
Service charges - sanitation revenue		1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	19 252	22 140	25 461
Service charges - refuse revenue		1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 237	14 854	17 082	19 644
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		57	57	57	57	57	57	57	57	57	57	57	57	687	733	782
Interest earned - external investments		240	240	240	240	240	240	240	240	240	240	240	240	2 876	3 062	3 261
Interest earned - outstanding debtors		2	2	2	2	2	2	2	2	2	2	2	2	22	23	25
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		132	132	132	132	132	132	132	132	132	132	132	132	1 582	1 685	1 794
Licences and permits		491	491	491	491	491	491	491	491	491	491	491	491	5 897	6 280	6 688
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		30 327	-	-	-	30 327	-	-	-	30 326	-	-	0	90 980	93 773	121 086
Other revenue		2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	31 231	41 584	37 169
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		57 319	26 993	26 993	26 993	57 320	26 993	26 993	26 993	57 319	26 993	26 993	26 993	414 890	458 602	515 485
Expenditure By Type	-															
Employee related costs		9 587	9 587	9 587	9 587	19 175	9 587	9 587	9 587	9 587	9 587	9 587	8 442	123 491	134 476	146 558
Remuneration of councillors		1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	12 315	13 116	13 968
Debt impairment		-	-	375	-	-	375	-	-	375	-	-	375	1 500	1 598	1 701
Depreciation & asset impairment		1 618	1 618	1 618	1 618	1 618	1 618	1 618	1 618	1 618	1 618	1 618	1 618	19 411	21 425	23 668
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		15 000	15 000	10 467	10 467	10 467	10 467	10 467	10 467	10 467	10 467	10 467	15 000	139 207	150 344	162 371
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	41 303	45 199	49 481
Transfers and grants		1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	12 153	12 439	12 698
Other expenditure		5 340	5 340	5 340	5 340	5 340	5 340	5 340	5 340	5 340	5 340	5 340	6 658	65 400	71 526	78 378
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		37 026	37 026	32 868	32 493	42 081	32 868	32 493	32 493	32 868	32 493	32 493	37 574	414 780	450 123	488 824

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Surplus/(Deficit)		20 293	(10 034)	(5 876)	(5 501)	15 239	(5 876)	(5 501)	(5 501)	24 450	(5 501)	(5 501)	(10 582)	110	8 479	26 661
Transfers recognised - capital		16 661	-	-	-	16 661	-	-	-	16 661	-	-	(0)	49 982	49 182	46 663
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		36 954	(10 034)	(5 876)	(5 501)	31 899	(5 876)	(5 501)	(5 501)	41 111	(5 501)	(5 501)	(10 582)	50 092	57 661	73 324
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	36 954	(10 034)	(5 876)	(5 501)	31 899	(5 876)	(5 501)	(5 501)	41 111	(5 501)	(5 501)	(10 582)	50 092	57 661	73 324

Table 49 KZN263 SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote																
Vote 1 - Municipal Governance and Administration	-	2 299	-	-	-	2 299	-	-	-	2 299	-	-	-	6 897	8 523	8 844
Vote 2 - Budget & Treasury		12 675	12 675	12 675	12 675	12 675	12 675	12 675	12 675	12 675	12 675	12 675	12 676	152 103	166 509	191 878
Vote 3 - Corporate Services		23	23	23	23	23	23	23	23	23	23	23	23	281	300	319
Vote 4 - Community & Public Safety		772	804	772	772	772	772	772	772	772	772	772	772	9 294	9 867	10 458
Vote 5 - Economic & Environmental Services		246	246	246	246	246	246	246	246	246	246	246	246	2 946	3 138	3 642
Vote 6 - Trading Services		20 272	20 272	20 272	20 272	20 272	20 272	20 272	20 272	20 272	20 272	20 272	20 272	243 268	270 166	300 245
Vote 7 - Other		-	-	-	-	-	-	-	-	100	-	-	-	100	100	100
Total Revenue by Vote		36 287	34 021	33 988	33 988	36 287	988	33 988	33 988	36 387	33 988	33 988	33 989	414 890	458 602	515 485
Expenditure by Vote to be appropriated																
Vote 1 - Municipal Governance and Administration	-	3 241	3 241	3 241	3 241	3 241	3 241	241	3 241	3 241	3 241	3 241	3 241	38 886	41 399	44 061
Vote 2 - Budget & Treasury		2 025	2 025	2 025	2 025	2 025	2 025	2 025	2 025	2 025	2 025	2 025	2 025	24 301	25 829	27 453
Vote 3 - Corporate Services		2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	26 406	28 048	29 769
Vote 4 - Community & Public Safety		3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 184	42 173	44 914	47 820
Vote 5 - Economic & Environmental Services		3 394	3 394	3 394	3 394	3 394	3 394	3 394	3 394	3 394	3 394	3 394	3 174	40 508	43 121	45 919
Vote 6 - Trading Services		20 037	20 037	20 037	20 037	20 037	20 037	20 037	20 037	20 037	20 037	20 037	21 537	241 945	266 226	293 195
Vote 7 - Other		47	47	47	47	47	47	47	47	47	47	47	47	561		606
Total Expenditure by Vote		34 488	34 488	34 488	34 488	34 488	34 488	34 488	34 488	34 488	34 488	34 488	35 409	414 780	450 123	488 824
Surplus/(Deficit) before assoc.		1 799	(468)	(500)	(500)	1 799	(500)	(500)	(500)	1 899	(500)	(500)	(1 419)	109	8 479	26 661
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	1 799	(468)	(500)	(500)	1 799	(500)	(500)	(500)	1 899	(500)	(500)	(1 419)	109	8 479	26 661

Table 50 KZN263 SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard	-															
<i>Governance and administration</i>		12 613	12 613	12 613	12 613	12 613	12 613	12 613	12 613	12 613	12 613	12 613	20 539	159 282	175 332	201 040
Executive and council		580	580	580	580	580	580	580	580	580	580	580	515	6 897	8 523	8 844
Budget and treasury office		12 009	12 009	12 009	12 009	12 009	12 009	12 009	12 009	12 009	12 009	12 009	20 001	152 103	166 509	191 878
Corporate services		23	23	23	23	23	23	23	23	23	23	23	23	281	300	319
<i>Community and public safety</i>		772	805	772	772	772	772	772	772	772	772	772	772	9 294	9 867	10 458
Community and social services		290	323	290	290	290	290	290	290	290	290	290	290	3 515	3 713	3 904
Sport and recreation		3	3	3	3	3	3	3	3	3	3	3	3	34	37	39
Public safety		479	479	479	479	479	479	479	479	479	479	479	479	5 744	6 117	6 515
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		237	237	237	237	237	237	237	237	237	237	237	342	2 946	3 138	3 642
Planning and development		40	40	40	40	40	40	40	40	40	40	40	40	477	508	841
Road transport		197	197	197	197	197	197	197	197	197	197	197	302	2 469	2 630	2 801
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		19 213	19 213	19 213	19 213	19 213	19 213	19 213	19 213	19 213	19 213	19 213	31 924	243 268	270 166	300 245
Electricity		14 053	14 053	14 053	14 053	14 053	14 053	14 053	14 053	14 053	14 053	14 053	19 748	174 336	191 420	210 212
Water		2 149	2 149	2 149	2 149	2 149	2 149	2 149	2 149	2 149	2 149	2 149	7 683	31 326	36 025	41 429
Waste water management		1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	2 372	19 252	22 140	25 461
Waste management		1 476	1 476	1 476	1 476	1 476	1 476	1 476	1 476	1 476	1 476	1 476	2 121	18 354	20 582	23 144
<i>Other</i>		8	8	8	8	8	8	8	8	8	8	8	8	100	100	100
Total Revenue - Standard		32 843	32 876	32 843	32 843	32 843	32 843	32 843	32 843	32 843	32 843	32 843	53 585	414 890	458 602	515 485
			47 872	47 806	47 806	47 806	47 806	47 806	47 806	47 806	47 806	47 806				
Expenditure - Standard	-															
<i>Governance and administration</i>		7 674	7 674	7 674	7 674	7 674	7 674	7 674	7 674	7 674	7 674	7 674	5 181	89 594	95 277	101 284
Executive and council		3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	3 429	1 168	38 886	41 399	44 061
Budget and treasury office		1 976	1 976	1 976	1 976	1 976	1 976	1 976	1 976	1 976	1 976	1 976	2 566	24 301	25 829	27 453
Corporate services		2 269	2 269	2 269	2 269	2 269	2 269	2 269	2 269	2 269	2 269	2 269	1 447	26 406	28 048	29 769
<i>Community and public safety</i>		3 678	3 678	3 678	3 678	3 678	3 678	3 678	3 678	3 678	3 678	3 678	1 713	42 173	44 914	47 820
Community and social services		1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	712	19 545	20 816	22 155
Sport and recreation		332	332	332	332	332	332	332	332	332	332	332	5	3 659	3 897	4 151
Public safety		1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	1 434	798	16 573	17 650	18 797
Housing		182	182	182	182	182	182	182	182	182	182	182	180	2 185	2 327	2 479

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Health		18	18	18	18	18	18	18	18	18	18	18	18	210	224	239
<i>Economic and environmental services</i>		3 552	3 552	3 552	3 552	3 552	3 552	3 552	3 552	3 552	3 552	3 552	1 431	40 508	43 121	45 919
Planning and development		507	507	507	507	507	507	507	507	507	507	507	93	5 675	6 044	6 437
Road transport		3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	3 045	1 338	34 832	37 077	39 483
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		22 536	22 536	22 536	22 536	22 536	22 536	22 536	22 536	22 536	22 536	22 536	(5 948)	241 945	266 226	293 195
Electricity		16 015	16 015	16 015	16 015	16 015	16 015	16 015	16 015	16 015	16 015	16 015	(2 259)	173 900	188 229	203 773
Water		2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	(1 131)	25 666	29 516	33 944
Waste water management		2 182	2 182	2 182	2 182	2 182	2 182	2 182	2 182	2 182	2 182	2 182	224	24 224	27 603	31 469
Waste management		1 903	1 903	1 903	1 903	1 903	1 903	1 903	1 903	1 903	1 903	1 903	(2 781)	18 154	20 877	24 009
<i>Other</i>		47	47	47	47	47	47	47	47	47	47	47	42	561	586	606
Total Expenditure - Standard		37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	37 487	2 419	414 780	450 123	488 824
Surplus/(Deficit) before assoc.		(4 645)	(4 612)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	51 167	109	8 479	26 661
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	(4 645)	(4 612)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	(4 645)	51 167	109	8 479	26 661

Table 51 KZN263 SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure to be appropriated	1															
Vote 1 - Municipal Governance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Economic & Environmental Services		-	-	2 998	2 998	2 998	2 998	2 998	2 998	2 998	2 998	2 998	2 998	29 982	34 182	36 663
Vote 6 - Trading Services		-	-	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	20 000	15 000	10 000
Vote 7 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	4 998	4 998	4 998	4 998	4 998	4 998	4 998	4 998	4 998	4 998	49 982	49 182	46 663
Single-year expenditure to be appropriated																
Vote 1 - Municipal Governance and Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	20	-	50	10	-	20	20	50	50	30	50	300	320	340
Vote 3 - Corporate Services		-	-	-	20	10	50	-	50	-	14	10	20	174	121	129
Vote 4 - Community & Public Safety		-	-	375	375	375	375	375	375	375	375	375	75	3 450	3 674	3 913
Vote 5 - Economic & Environmental Services		-	-	100	50	-	80	100	100	100	100	100	100	830	860	913
Vote 6 - Trading Services		-	-	30	100	-	100	-	100	-	100	-	100	530	605	690
Vote 7 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	20	505	595	395	605	495	645	525	639	515	345	5 284	5 580	5 986
Total Capital Expenditure	2	-	20	5 503	5 593	5 393	5 603	5 493	5 643	5 523	5 637	5 513	5 343	55 266	54 762	52 649

Table 52 KZN263 SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	20	-	70	20	50	20	70	50	64	40	70	474	441	469
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	20	-	50	10	-	20	20	50	50	30	50	300	320	340
Corporate services		-	-	-	20	10	50	-	50	-	14	10	20	174	121	129
<i>Community and public safety</i>		-	-	375	375	375	375	375	375	375	375	375	75	3 450	3 674	3 913
Community and social services		-	-	160	160	160	160	160	160	160	160	295	25	1 600	1 704	1 815
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	50	50	53	57
Public safety		-	-	215	215	215	215	215	215	215	215	80	-	1 800	1 917	2 042
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	3 098	3 048	2 998	3 078	3 098	3 098	3 128	3 090	3 078	3 098	30 812	35 042	37 576
Planning and development		-	-	100	50	-	-	100	100	50	-	-	100	500	533	567
Road transport		-	-	2 998	2 998	2 998	3 078	2 998	2 998	3 078	3 090	3 078	2 998	30 312	34 510	37 009
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	2 030	2 100	2 000	2 100	2 000	2 100	2 000	2 100	2 000	2 100	20 530	15 605	10 690
Electricity		-	-	2 000	2 050	2 000	2 050	2 000	2 000	2 000	2 000	2 000	2 000	20 100	15 110	10 121
Water		-	-	30	-	-	50	-	-	-	-	-	-	80	92	106
Waste water management		-	-	-	50	-	-	-	-	-	-	-	-	50	58	66
Waste management		-	-	-	-	-	-	-	100	-	100	-	100	300	345	397
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	-	20	5 503	5 593	5 393	5 603	5 493	5 643	5 553	5 629	5 493	5 343	55 266	54 761	52 648

Table 53 KZN263 SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source														1		
Property rates	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	3 688	44 260	47 137	50 201
Property rates - penalties & collection charges	91	91	91	91	91	91	91	91	91	91	91	91	91	1 087	1 158	1 233
Service charges - electricity revenue	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	14 236	170 836	187 920	206 712
Service charges - water revenue	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	31 326	36 025	41 429
Service charges - sanitation revenue	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	19 252	22 140	25 461
Service charges - refuse revenue	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	1 238	14 854	17 082	19 644
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	57	57	57	57	57	57	57	57	57	57	57	57	57	687	733	782
Interest earned - external investments	240	240	240	240	240	240	240	240	240	240	240	240	240	2 876	3 062	3 261
Interest earned - outstanding debtors	2	2	2	2	2	2	2	2	2	2	2	2	2	22	23	25
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	132	132	132	132	132	132	132	132	132	132	132	132	132	1 582	1 685	1 794
Licences and permits	491	491	491	491	491	491	491	491	491	491	491	491	491	5 897	6 280	6 688
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	30 327	-	-	-	-	30 327	-	-	-	30 326	-	-	-	90 980	93 738	120 597
Other revenue	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	2 603	31 231	41 584	37 169
Cash Receipts by Source	57 320	26 993	26 993	26 993	57 320	26 993	26 993	26 993	26 993	57 319	26 993	26 993	26 993	414 890	458 568	514 997
Other Cash Flows by Source																
Transfer receipts - capital	16 661	-	-	-	-	16 661	-	-	-	16 660	-	-	-	49 982	49 182	46 663
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	73 981	26 993	26 993	26 993	73 981	26 993	26 993	26 993	26 993	73 979	26 993	26 993	26 993	464 872	507 750	561 660
Cash Payments by Type																
Employee related costs	9 499	9 499	9 499	9 499	18 999	9 499	9 499	9 499	9 499	9 499	9 499	9 499	9 499	123 491	134 476	146 558

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Remuneration of councillors		1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	1 026	12 315	13 116	13 968
Finance charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases - Electricity		15 000	15 000	10 467	10 467	10 467	10 467	10 467	10 467	10 467	10 467	10 467	15 000	139 207	150 344	162 371
Bulk purchases - Water & Sewer		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services		3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	3 442	41 303	45 199	49 481
Transfers and grants - other municipalities		1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	12 153	12 439	12 698
Transfers and grants - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure		6 752	6 752	6 752	6 752	6 752	6 752	6 752	6 752	6 752	6 752	6 752	6 752	81 027	88 970	97 762
Cash Payments by Type		36 732	36 732	32 200	32 200	41 699	32 200	32 200	32 200	32 200	32 200	32 200	36 732	409 496	444 544	482 838
Other Cash Flows/Payments by Type																
Capital assets		–	20	5 503	5 593	5 393	5 603	5 493	5 643	5 553	5 629	5 493	5 343	55 266	54 761	52 648
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments													–			
Total Cash Payments by Type		36 732	36 752	37 703	37 793	47 092	37 803	37 693	37 843	37 753	37 829	37 693	42 075	464 762	499 305	535 486
NET INCREASE/(DECREASE) IN CASH HELD		37 248	(9 760)	(10 710)	(10 800)	26 888	(10 810)	(10 700)	(10 850)	36 226	(10 836)	(10 700)	(15 083)	110	8 445	26 174
Cash/cash equivalents at the month/year begin:			37 248	27 488	16 778	5 977	32 866	22 055	11 355	504	36 730	25 893	15 193	–	110	8 555
Cash/cash equivalents at the month/year end:		37 248	27 488	16 778	5 977	32 866	22 055	11 355	504	36 730	25 893	15 193	110	110	8 555	34 729

1.17 Annual budgets and SDBIPs – internal departments

1.17.1 Water Services Department

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 54 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

Description R thousands	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Financial Performance</u>										
Property rates	25,075	24,264	29,812	31,671	33,677	33,677	–	40,313	42,570	44,869
Service charges	102,622	129,818	143,029	177,234	172,585	172,585	–	198,609	209,731	221,057
Investment revenue	331	3,640	653	3,470	3,300	3,300	–	3,000	3,168	3,339
Transfers recognised - operational	118,812	78,519	61,829	73,217	73,161	73,161	–	85,240	91,436	99,722
Other own revenue	7,649	8,454	21,596	28,840	33,315	33,314	–	41,044	40,118	41,231
Total Revenue (excluding capital transfers and contributions)	254,489	244,695	256,919	314,432	316,038	316,038	–	368,206	387,023	410,218
Employee costs	37,486	51,572	55,959	71,484	92,500	92,500	–	115,577	122,049	128,640
Remuneration of councillors	8,473	8,970	9,668	12,193	11,350	11,350	–	12,306	12,995	13,697
Depreciation & asset impairment	13,571	16,694	–	16,338	16,848	16,848	–	18,226	19,247	20,286
Finance charges	–	–	–	–	125	125	–	30	–	–
Materials and bulk purchases	54,561	80,185	82,097	114,493	100,500	100,500	–	114,446	120,855	127,382
Transfers and grants	–	–	–	–	14,929	14,929	–	16,805	14,323	15,045
Other expenditure	51,536	64,768	71,912	63,277	79,784	79,784	–	90,755	97,552	102,734
Total Expenditure	165,627	222,189	219,636	277,785	316,036	316,036	–	368,146	387,023	407,784
Surplus/(Deficit)	88,862	22,506	37,283	36,647	2	2	–	60	0	2,434
Transfers recognised - capital	–	–	–	48,605	41,105	41,105	–	33,444	41,840	36,392
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826

Table 55 Water Services Department – Performance objectives and indicators

None

There are currently unfilled positions in the structure of the Water Services Section. The top management structure consists of the Director Technical Services (currently vacant) and Manager Water. As part of the performance objectives for the 2013/14 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organigram and the subsequent filling of vacancies.

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Replacement and upgrading of deficient reticulation infrastructure; and
- Purification plant upgrades.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R2.2 million, R2.5 million and R2.9 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2013/14 financial year is R31.3 million and increases to R41.4 million by 2015/16 and has been informed by a collection rate of 92 percent and distribution losses of 67 percent, as well as ensuring that all areas currently not metered have water meters installed this will increase the collection rate, reduce the losses and allow for more funds to be allocated to repairing the infrastructure.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 1 percent efficiency gain per annum. In relation to this target, past performance has been irregular with a total distribution loss of 67.57 percent in 2011/12; dropping to 50 percent in the 2012/13 budget year but in the Adjustment budget estimated to be 60 percent and budgeted for 2013/14 at 45 percent for the year.

1.18 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.19 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 56 KZN263 SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		40 381	29 617	43 224	33 444	21 944	29 944	49 982	49 182	46 663
Infrastructure - Road transport		6 754	3 491	5 094	25 444	29 944	29 944	29 982	34 182	36 663
<i>Roads, Pavements & Bridges</i>		6 754	3 491	5 094	25 444	29 944	29 944	29 982	34 182	36 663
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		7 470	3 851	5 215	8 000	(8 000)	-	20 000	15 000	10 000
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>		6 871	3 506	4 722	8 000	(8 000)	-	20 000	15 000	10 000
<i>Street Lighting</i>		599	346	493	-	-	-	-	-	-
Infrastructure - Water		3 677	2 853	3 300	-	-	-	-	-	-
<i>Dams & Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		3 677	2 853	3 300	-	-	-	-	-	-
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		809	477	670	-	-	-	-	-	-
<i>Reticulation</i>		223	477	670	-	-	-	-	-	-
<i>Sewerage purification</i>		586	-	(0)	-	-	-	-	-	-
Infrastructure - Other		21 670	18 945	28 945	-	-	-	-	-	-
<i>Waste Management</i>		-	-	-	-	-	-	-	-	-
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	21 670	18 945	28 945	-	-	-	-	-	-
Community		-	100	116	-	-	-	3 400	3 568	3 800
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	1 800	1 917	2 042
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Clinics	8	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	1 600	1 651	1 758
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	100	116	-	-	-	-	-	-
<u>Heritage assets</u>	9	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Other assets</u>	10	312	387	308	-	2 890	2 890	1 884	2 012	2 186
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	2 135	2 135	-	-	-
Computers - hardware/equipment		-	-	-	-	140	140	385	415	447
Furniture and other office equipment		-	-	-	-	615	615	785	758	816
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	253	-	-	-	-	14	15	16
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		312	133	308	-	-	-	700	824	907
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<u>Intangibles</u>		44	-	-	-	-	-	-	-	-

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Computers - software & programming		44	-	-	-	-	-	-	-	-
Other (list sub-class)										
Total Capital Expenditure on new assets	1	40 737	30 104	43 648	33 444	24 834	32 834	55 266	54 762	52 649

Table 57 KZN263 SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
<u>Community</u>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Clinics	8									
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
<u>Heritage assets</u>	9	-	-	-	-	-	-	-	-	-
Buildings										
Other										
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<u>Other assets</u>	10	-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
List sub-class										
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
List sub-class										
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	-	-	-
<u>Specialised vehicles</u>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 58 KZN263 SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		18 907	11 337	14 279	17 070	14 780	14 780	17 661	19 425	21 382
Infrastructure - Road transport		6 754	3 491	5 094	5 545	4 290	4 290	5 464	5 819	6 198
<i>Roads, Pavements & Bridges</i>		6 754	3 491	5 094	5 545	4 290	4 290	5 464	5 819	6 198
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		7 470	3 851	5 215	6 100	6 750	6 750	8 405	9 246	10 170
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>		6 871	3 506	4 722	5 100	5 750	5 750	7 405	8 146	8 960
<i>Street Lighting</i>		599	346	493	1 000	1 000	1 000	1 000	1 100	1 210
Infrastructure - Water		3 677	2 853	3 300	3 400	2 225	2 225	2 252	2 590	2 978
<i>Dams & Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		3 677	2 853	3 300	3 400	2 225	2 225	2 252	2 590	2 978
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		809	477	670	2 025	1 515	1 515	1 025	1 179	1 356
<i>Reticulation</i>		223	477	670	2 025	1 515	1 515	1 025	1 179	1 356
<i>Sewerage purification</i>		586	-	(0)	-	-	-	-	-	-
Infrastructure - Other		196	665	-	-	-	-	515	592	681
<i>Waste Management</i>		196	665	-	-	-	-	515	592	681
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	-	-	-	-	-	-	-	-	-
Community		868	1 300	1 162	1 562	1 328	1 328	1 658	1 745	1 846
Parks & gardens		58	101	42	70	70	69	120	128	136
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		4	101	135	180	180	180	200	213	213
Recreational facilities		-	-	28	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		108	248	897	454	412	412	875	932	992
Buses	7	-	-	-	-	-	-	-	-	-

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Clinics	8	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		40	73	1	99	99	99	100	107	113
Cemeteries		7	305	1	-	100	100	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		651	471	59	760	468	468	363	366	391
<u>Heritage assets</u>	9	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Other assets</u>	10	2 300	279	220	512	504	504	1 252	1 343	1 425
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		1 921	73	114	300	300	300	400	426	454
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		379	206	106	212	204	204	852	917	971
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	22 074	12 916	15 661	19 144	16 612	16 612	20 571	22 514	24 653
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
R&M as a % of PPE		8.1%	5.4%	6.6%	8.3%	7.2%	4.9%	6.9%	7.5%	8.2%
R&M as % Operating Expenditure		9.0%	4.6%	4.6%	5.2%	4.5%	4.9%	5.0%	5.0%	5.0%

Table 59 KZN263 SA34d - Future financial implications of the capital budget

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
<u>Depreciation by Asset Class/Sub-class</u>										
-										
<u>Infrastructure</u>		14 111	14 455	14 207	15 681	15 681	15 681	16 700	18 538	20 601
Infrastructure - Road transport		5 452	4 889	4 944	5 164	5 164	5 164	5 500	5 857	6 238
<i>Roads, Pavements & Bridges</i>		5 452	4 889	4 944	5 164	5 164	5 164	5 500	5 857	6 238
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		3 083	3 377	3 278	3 749	3 749	3 749	3 993	4 392	4 831
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>		3 083	3 377	3 278	3 749	3 749	3 749	3 993	4 392	4 831
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Water		2 078	2 066	1 967	2 273	2 273	2 273	2 421	2 784	3 202
<i>Dams & Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		2 078	2 066	1 967	2 273	2 273	2 273	2 421	2 784	3 202
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		3 467	4 086	3 987	4 495	4 495	4 495	4 787	5 505	6 331
<i>Reticulation</i>		3 467	4 086	3 987	4 495	4 495	4 495	4 787	5 505	6 331
<i>Sewerage purification</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Other		31	36	31	-	-	-	-	-	-
<i>Waste Management</i>		31	36	31	-	-	-	-	-	-
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>	3	-	-	-	-	-	-	-	-	-
<u>Community</u>		904	792	848	906	906	906	965	1 027	1 094
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		608	607	368	692	692	692	736	784	835
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		38	33	63	35	35	35	37	40	42
Buses	7	-	-	-	-	-	-	-	-	-

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Clinics	8	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		258	152	417	179	179	179	191	203	216
<u>Heritage assets</u>	9	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Other assets</u>	10	1 617	1 556	1 544	1 640	1 640	1 640	1 747	1 860	1 973
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		257	193	197	203	203	203	216	230	245
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		1 359	1 363	1 348	1 437	1 437	1 437	1 530	1 630	1 728
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)										
Total Depreciation	1	16 631	16 803	16 599	18 226	18 226	18 226	19 411	21 425	23 668

Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

Table 60 KZN263 SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure	1							
Vote 1 - Municipal Governance and Administration		–	–	–				
Vote 2 - Budget & Treasury		300	320	340				
Vote 3 - Corporate Services		174	121	129				
Vote 4 - Community & Public Safety		3 450	3 674	3 913				
Vote 5 - Economic & Environmental Services		30 812	35 042	37 576				
Vote 6 - Trading Services		20 530	15 605	10 690				
Vote 7 - Other		–	–	–				
Example 8 - Vote8		–	–	–				
Example 9 - Vote9		–	–	–				
Example 10 - Vote10		–	–	–				
Example 11 - Vote11		–	–	–				
Example 12 - Vote12		–	–	–				
Example 13 - Vote13		–	–	–				
Example 14 - Vote14		–	–	–				
Example 15 - Vote15		–	–	–				
<i>List entity summary if applicable</i>								
Total Capital Expenditure	2	55 266	54 762	52 649	–	–	–	–
Future operational costs by vote								
Vote 1 - Municipal Governance and Administration								
Vote 2 - Budget & Treasury								
Vote 3 - Corporate Services								
Vote 4 - Community & Public Safety								
Vote 5 - Economic & Environmental Services								
Vote 6 - Trading Services								
Vote 7 - Other								
Example 8 - Vote8								
Example 9 - Vote9								
Example 10 - Vote10								
Example 11 - Vote11								
Example 12 - Vote12								
Example 13 - Vote13								
Example 14 - Vote14								

Vote Description R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Example 15 - Vote15	3							
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source								
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		55 266	54 762	52 649	-	-	-	-

References

Table 61 KZN263 SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Re f 4	Program/Project description	Project numbe r	IDP Goal cod e 2	Individuall y Approved (Yes/No) 6	Asse t Clas s 3	Asse t Sub- Clas s 3	GPS co- ordinate s 5	Total Project Estimat e	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcom e 2011/12	Current Year 2012/13 Full Year Forecas t	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward locatio n	New or renewa l
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
		Roads & Storm Water Rural Projects Vryheid & Surrounding areas Emondlo Hlobane Coronation Nkongolwane Kwamnyathi Louwsburg Rural areas														
Parent Capital expenditure	1											-	-	-		
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A																

[illegible]

Table 62 KZN263 SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Ref.	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	1,2							Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	R thousand						Year					
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
		Ethema Road (8/2/1/163)6.4km Kwatsheku Road (8/2/1/164)5.2km Esigodini Road (8/2/1/165) 2.2km Emondlo Roads & Storm Water Phase 3 Nceceeni Road (8/2/1/162) 3.7 km Bhekumthetho Road (8/2/1/166) 4.1km Bhekuzulu Phase 6B Bus Route	(8/2/1/164)5.2km (8/2/1/165) 2.2km (8/2/1/156) (8/2/1/162) 3.7 km (8/2/1/166) 4.1km 8/2/1/150	Infrastructure - Road transport Infrastructure - Road transport Infrastructure - Road transport Infrastructure - Road transport Infrastructure - Road transport Infrastructure - Road transport Infrastructure - Road transport	Roads, Pavements & Bridges Roads, Pavements & Bridges Roads, Pavements & Bridges Roads, Pavements & Bridges Roads, Pavements & Bridges Roads, Pavements & Bridges Roads, Pavements & Bridges							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
Entity Name <i>Project name</i>												

1.20 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one resigned during March 2012 and an advertisement was sent to the Human Resources to advertise the position, an appointment was made but after one month the person resigned, Human Resources were requested to re-advertise but as at the end of March 2013 the position has still not been filled as. Of the remaining four, all their contracts have expired and the municipality has applied for them to have their contracts extended until there MFMP is completed at the end of June 2013 where after they will be absorbed into vacancies within the department and a new advertisement will be placed for a further four interns. Since the introduction of the Internship programme the Municipality has successfully employed and trained interns through this programme and a majority of them were appointed either in the Municipality or other municipalities.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in June 2013 directly aligned and informed by the 2013/14 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented for the Municipality's internal employees and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

1.21 Other supporting documents

Table 63 KZN263 Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		26,172	27,084	32,812	34,671	35,867	35,867		39,453	41,663	43,913
<i>less Revenue Foregone</i>		1,097	2,820	3,000	3,000	3,000	3,000				
Net Property Rates		25,075	24,264	29,812	31,671	32,867	32,867	-	39,453	41,663	43,913
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		73,376	94,149	103,920	141,816	125,939	125,939		143,363	151,392	159,567
<i>less Revenue Foregone</i>		4,302	3,796	4,000	2,500	2,500	2,500				
Net Service charges - electricity revenue		69,074	90,353	99,920	139,316	123,439	123,439	-	143,363	151,392	159,567
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		16,215	17,740	23,036	21,124	22,934	22,934		26,413	27,892	29,398
<i>less Revenue Foregone</i>		1,860	1,341	2,598	1,200						
Net Service charges - water revenue		14,355	16,399	20,438	19,924	22,934	22,934	-	26,413	27,892	29,398
<u>Service charges - sanitation revenue</u>	6										
Total Service charges - sanitation revenue		13,672	14,769	13,855	14,639	14,729	14,729		16,203	17,110	18,034
<i>less Revenue Foregone</i>		2,733	1,834	2	5,100						
Net Service charges - sanitation revenue		10,939	12,935	13,853	9,539	14,729	14,729	-	16,203	17,110	18,034
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		10,130	12,638	11,518	11,355	14,383	14,383		12,630	13,338	14,058
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
<i>less Revenue Foregone</i>		1,876	2,507	2,700	2,900	2,900	2,900				
Net Service charges - refuse revenue		8,254	10,131	8,818	8,455	11,483	11,483	-	12,630	13,338	14,058
<u>Other Revenue by source</u>											
<i>Lost book charges</i>						4	4		5	5	5

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
<i>Building plan fees</i>						67	67		71	75	79
<i>Burial fees</i>						179	179		184	195	205
ZDM Grant: Tourism						50	50		–	–	–
SETA						265	265		160	169	178
ZDM Grant Water						650	650		–	–	–
Entrance Fees-Recreational Facilities						13	13		13	14	15
Entrance fees - Klipfontein						53	53		56	59	62
Entrance fees gate						9	9		9	10	10
Special consent						1,677	1,677		1,778	1,877	1,979
Monument erection						34	34		35	37	39
Sundry /Other	3	2,379	1,696	17,911	21,139	22,071	22,071		30,851	29,354	29,886
Total 'Other' Revenue	1	2,379	1,696	17,911	21,139	25,071	25,071	–	33,163	31,795	32,459
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	34,678	42,748	44,109	58,638	52,390	52,390		69,373	73,257	77,213
Pension and UIF Contributions						10,176	10,176		14,165	14,959	15,766
Medical Aid Contributions						3,332	3,332		4,382	4,627	4,877
Overtime		5,476	5,807	6,659	6,255	8,000	8,000		4,300	4,541	4,786
Performance Bonus		2,847	3,830	4,437	5,572	4,426	4,426		5,917	6,248	6,586
Motor Vehicle Allowance						6,342	6,342		8,546	9,025	9,512
Cellphone Allowance						611	611		700	739	779
Housing Allowances		469	285	337	487	434	434		492	520	548
Other benefits and allowances						1,790	1,790		1,859	1,964	2,070
Payments in lieu of leave									2,600	2,746	2,894
Long service awards		44	40	417	532				31	32	34
Post-retirement benefit obligations	4		2,008			5,000	5,000		3,212	3,392	3,575
<i>Sub-total</i>	5	43,514	54,718	55,959	71,484	92,500	92,500	–	115,577	122,049	128,640
<u>Less: Employees costs capitalized to PPE</u>		6,028	3,146	–	–	–	–	–	–	–	–
Total Employee related costs	1	37,486	51,572	55,959	71,484	92,500	92,500	–	115,577	122,049	128,640
<u>Contributions recognised - capital</u>											
<i>List contributions by contract</i>											

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		13,539	16,528	-	16,338	16,848	16,848		18,226	19,247	20,286
Lease amortisation		32	166	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE		-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	10	13,571	16,694	-	16,338	16,848	16,848	-	18,226	19,247	20,286
<u>Bulk purchases</u>											
Electricity Bulk Purchases		39,969	60,064	82,097	99,300	100,500	100,500		114,446	120,855	127,382
Water Bulk Purchases		-	-	-	-	-	-	-	-	-	-
Total bulk purchases	1	39,969	60,064	82,097	99,300	100,500	100,500	-	114,446	120,855	127,382
<u>Transfers and grants</u>											
Cash transfers and grants		-	-	-	-	3,790	3,790	-	3,925	2,782	3,339
Non-cash transfers and grants		-	-	-	-	11,139	11,139	-	12,880	11,541	11,706
Total transfers and grants	1	-	-	-	-	14,929	14,929	-	16,805	14,323	15,045
<u>Contracted services</u>											
Internal Audit		317	365	883	1,000	200	200		700	739	779
Meter Reading		313	286	1,400	1,450	1,889	1,889		2,038	2,152	2,268
Computer Services		760	1,953	956	770	1,750	1,750		1,556	1,643	1,732
Photocopiers & Faxes				674	650	547	547		600	634	668
Lease of Vehicles				2,390	6,010	4,160	4,160		6,579	6,947	7,323
Parks				5,281	5,700	5,700	5,700		7,170	7,572	7,980
Security				4,731	5,500	5,310	5,310		7,500	7,920	8,348
Refuse Removal				5,976	6,500	5,960	5,960		7,000	7,392	7,791
Steiner				195	200	346	346		179	189	199
Digging of Graves				79	100	94	94		100	106	111
Engineer						384	384		850	898	946
Water Purification						163	163		179	189	199
Public Safety									250	264	278

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
<i>sub-total</i>	1	1,390	2,604	22,565	27,880	26,504	26,504	-	34,700	36,644	38,622
Allocations to organs of state:											
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total contracted services		1,390	2,604	22,565	27,880	26,504	26,504	-	34,700	36,644	38,622
<u>Other Expenditure By Type</u>	-										
Collection costs		-	-	-	-	-	-	-	-	-	-
Contributions to 'other' provisions		5,106	11,433	-	-	8,500	8,500	-	4,600	4,858	5,120
Consultant fees		-	-	1,605	2,500	1,000	1,000				
Audit fees		-	-	1,605	2,500	1,388	1,388		1,700	1,795	1,892
General expenses	3	45,040	50,731	46,137	30,397	42,391	42,391		16,428	28,277	29,718
<i>List Other Expenditure by Type</i>											
<i>Commission on Vendor Sales</i>									444	468	494
<i>Ward Committee Members Allowance</i>									1,400	1,478	1,558
<i>Shared Services</i>									200	500	527
<i>Newsletter & Radio Slot</i>									200	211	223
<i>Advertisements & Notices</i>									586	618	652
<i>Banking Services</i>									300	317	334
<i>Bank Charges</i>									600	634	668
<i>Chemicals</i>									1,219	1,287	1,357
<i>Cleaning Materials</i>									308	325	343
<i>Electricity, Water & Services</i>									5,626	5,941	6,262
<i>Community Development Projects</i>									500	528	557
<i>Strategic Planning Projects</i>									250	264	278
<i>Insurances</i>									1,100	1,162	1,224
<i>Legal Fees</i>									455	480	506
<i>Postage</i>									538	568	599
<i>Printing and Stationery</i>									1,051	1,109	1,169
<i>Subsistence and Travelling</i>									2,100	2,217	2,337
<i>Sports & Community Service Functions</i>									1,000	1,056	1,113

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Rental of Office Equipment									600	634	668
Fuel & Lubricants									2,626	2,773	2,923
Telephones									10,226	1,295	1,365
Total 'Other' Expenditure	1	50,146	62,164	49,347	35,397	53,279	53,279	–	54,055	58,797	61,886
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		14,592	20,121	10,971	15,193	16,649	16,649		19,144	20,210	21,302
Total Repairs and Maintenance Expenditure	9	14,592	20,121	10,971	15,193	16,649	16,649	–	19,144	20,210	21,302

Table 64 KZN263 Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Municipal Governance & Administration	Vote 2 - Budget & Treasury	Vote 3 - Corporate Services	Vote 4 - Community & Public Safety	Vote 5 - Economic & Environmental Services	Vote 6 - Trading Services	Vote 7 - Other	Total
R thousand	1								
Revenue By Source									
Property rates			39,453						39,453
Property rates - penalties & collection charges			859						859
Service charges - electricity revenue							143,363		143,363
Service charges - water revenue							26,413		26,413
Service charges - sanitation revenue							16,203		16,203
Service charges - refuse revenue							12,630		12,630
Service charges - other									-
Rental of facilities and equipment			97	90	180	11			377
Interest earned - external investments			3,000						3,000
Interest earned - outstanding debtors			19						19
Dividends received									-
Fines					1,706				1,706
Licences and permits					3,803	1,977			5,780
Agency services									-
Other revenue			32,340	160	345	317			33,163
Transfers recognised - operational		6,159	68,195	500	1,565	1,000	7,721	100	85,240
Gains on disposal of PPE									-
Total Revenue (excluding capital transfers and contributions)		6,159	143,963	750	7,600	3,305	206,330	100	368,206
Expenditure By Type	-								
Employee related costs		9,803	13,844	10,477	22,175	18,416	40,588	275	115,577
Remuneration of councillors		12,306							12,306
Debt impairment		2,000							2,000
Depreciation & asset impairment		152	203	1,437	726	5,192	10,517		18,226
Finance charges			30						30
Bulk purchases							114,446		114,446
Other materials		-							-
Contracted services		700	1,350	8,725	8,710	3,054	12,161		34,700
Transfers and grants		925	4,500	500	-	1,000	9,880		16,805
Other expenditure		10,564	3,731	3,809	7,161	9,356	19,239	195	54,055
Loss on disposal of PPE									-
Total Expenditure		36,450	23,658	24,948	38,772	37,017	206,832	470	368,146

Description	Ref	Vote 1 - Municipal Governance & Administration	Vote 2 - Budget & Treasury	Vote 3 - Corporate Services	Vote 4 - Community & Public Safety	Vote 5 - Economic & Environmental Services	Vote 6 - Trading Services	Vote 7 - Other	Total
R thousand	1								
Surplus/(Deficit)		(30,291)	120,306	(24,198)	(31,172)	(33,712)	(502)	(370)	60
Transfers recognised - capital			-			-	33,444		33,444
Contributions recognised - capital									-
Contributed assets									-
Surplus/(Deficit) after capital transfers & contributions		(30,291)	120,306	(24,198)	(31,172)	(33,712)	32,942	(370)	33,504

Table 65 KZN263 Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days		34,767	38,497	38,497	38,497	11,526	11,526		74,678	53,500	54,000
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	34,767	38,497	38,497	38,497	11,526	11,526	–	74,678	53,500	54,000
<u>Consumer debtors</u>											
Consumer debtors		23,715	33,220	33,220	50,500	43,408	43,408		43,500	43,500	43,500
<u>Less: Provision for debt impairment</u>		(1,940)	(13,008)	–	–	7,000	–	–	(2,000)	(2,112)	(2,226)
Total Consumer debtors	2	21,775	20,212	33,220	50,500	50,408	43,408	–	41,500	41,388	41,274
<u>Debt impairment provision</u>											
Balance at the beginning of the year		–	–	–	–	–	–	–	–	–	–
Contributions to the provision		–	–	–	–	–	–	–	2,000	2,112	2,226
Bad debts written off		8,309	–	–	–	–	–	–	–	–	–
Balance at end of year		8,309	–	–	–	–	–	–	2,000	2,112	2,226
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		–	–	273,318	273,318	230,650	230,650		230,000	230,000	230,000
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
<u>Less: Accumulated depreciation</u>		–	–	–	–	–	–	–	–	–	–
Total Property, plant and equipment (PPE)	2	–	–	273,318	273,318	230,650	230,650	–	230,000	230,000	230,000
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	1,856	1,856	1,856	–	–	–	1,856	–	–
Total Current liabilities - Borrowing		–	1,856	1,856	1,856	–	–	–	1,856	–	–
<u>Trade and other payables</u>											
Trade and other creditors		20,536	20,831	20,831	21,071	20,316	20,316		20,300	20,300	20,500
Unspent conditional transfers		5,054	8,644	8,644	8,644	–	–	–	9,000	–	–
VAT		10,739	10,037	10,037	10,037	–	–	–	–	–	–

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Total Trade and other payables	2	36,329	39,512	39,512	39,752	20,316	20,316	-	29,300	20,300	20,500
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	-	-	1,856	1,856	1,856	1,856	-	-	-	-
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	1,856	1,856	1,856	1,856	-	-	-	-
<u>Provisions - non-current</u>											
Retirement benefits		-	-	-	-	39,718	39,718	-	40,000	40,000	40,000
List other major provision items											
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		-	-	-	-	39,718	39,718	-	40,000	40,000	40,000
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		-	-	-	-	-	-	-	-	-	-
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		88,862	22,506	37,283	85,252	41,107	41,107	-	33,504	41,840	38,826
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	88,862	22,506	37,283	85,252	41,107	41,107	-	33,504	41,840	38,826
<u>Reserves</u>											
Housing Development Fund	-	-	-	-	-	777	777	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	777	777	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	88,862	22,506	37,283	85,252	41,884	41,884	-	33,504	41,840	38,826

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services		-	-	-	-	-	-	-	-	-	-

Table 66 KZN263 Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<u>Demographics</u>												
Population							213	248				
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
<u>Monthly household income (no. of households)</u>	1, 12	-										
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
> R819 200												
<u>Poverty profiles (no. of households)</u> < R2 060 per household per month	13											
Insert description	2											
<u>Household/demographics (000)</u> Number of people in municipal area Number of poor people in municipal area Number of households in municipal area Number of poor households in municipal area Definition of poor household (R per month)												
- <u>Housing statistics</u> Formal Informal	3											
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
<u>Economic</u> Inflation/inflation outlook (CPIX) Interest rate - borrowing Interest rate - investment Remuneration increases Consumption growth (electricity) Consumption growth (water)	6											
<u>Collection rates</u> Property tax/service charges Rental of facilities & equipment Interest - external investments	7											

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Interest - debtors												
Revenue from agency services												

Table 67 KZN263 SA32 – List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Pure Magic			Refuse Removal		6,812
MPS Security			Security		5,919
RIS Motors			Car Rental		4,062
BPG Mass Appraisals			Valuation Roll		360
Quantum Leap Investments			Grass cutting & cleaning		6,019
Shalom Security			Caretakers at dam		89
Itec			Office Machine Rental		344
Upward Spiral			Office Machine Rental		148
Yuretec			Office Machine Rental		162
G4S Cash Solutions			Cash Collection		313
Munsoft			IT Rental		673
Payday			Payroll Support		82
Total Client Services			Traffic Summons System		698
Fleet Africa			Car Rental		1,365
Link Up Security			After Hours Monitoring		415
KD Electrical			Meter Reading		295
Municipal Incorp			Meter Reading		770
KEV			Meter Reading		820
Izingcweti Zomzansi Consultants			Responsible Electrical Person		950
Brandfin			Speed Fine Machine Rental		155

Our Ref.:
Your Ref.

Enquiries:
Dept.: Finance



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c/o, Mark & High Street



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QUALITY CERTIFICATE

I, **T L MANDA**, Caretaker Municipal Manager of **ABAQULUSI MUNICIPALITY**, hereby certify that: (mark as appropriate)

- ☐ The monthly budget statement
- ☐ Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- ☐ Mid-year budget and performance assessment
- ☒ Draft Medium Term Budget

For the Draft Medium Term Budget for 2013/2014 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

T L MANDA
MUNICIPAL MANAGER
ABAQULUSI MUNICIPALITY
KZN263

SIGNATURE: _____

DATE: _____